

World news Business summary

UK ends tit-for-tat as Soviets expel six

Britain put an end to its confrontation with the Soviet Union after Moscow had expelled another six Britons in retaliation against the six Soviets ejected from the UK. UK Prime Minister Margaret Thatcher said while on a visit to Egypt: "We shall not respond further to their wholly unjustified expulsions."

Moscow's action brought the number of diplomats, journalists, trade officials and businessmen expelled by both sides to 31 each. Britain initiated the moves a week ago by ordering 25 Soviet agents by the Soviet KGB defector Oleg Gordievsky out of the country. Page 18

Two Greek civilians were charged in Athens with spying for Moscow and a naval officer is being held on suspicion of spying.

Falklands call
British Labour Party leader Neil Kinnock and Argentine President Raul Alfonsín issued a joint call in Paris for the re-establishment of diplomatic and commercial links between the two countries and for negotiations to resolve the Falklands dispute.

Spain joins CoCom
Spain is to join CoCom, the international committee which regulates exports of sensitive technology to potentially hostile countries. Nato countries and Japan are members.

Bolivian strike
Bolivian labour leaders began a hunger strike to protest against government austerity measures, increasing pressure on a new administration already hit by a two-week-old general stoppage.

Flights grounded
Striking French air traffic controllers grounded almost all flights to and from France in a protest over bonus payments.

Peru sacks generals
The Peruvian Government dismissed two more generals as part of an investigation into the killing of more than 70 civilians by security forces fighting Maoist guerrillas.

Angola 'raids'
Angola's Defence Ministry said South Africa had carried out two air raids on its forces, blaming a government drive against rebels. Page 3

Aircraft cleared
A spot check of Boeing 747 aircraft requested by U.S. aviation authorities after the Japan Air Lines crash that killed 520 people has found no safety problems.

Athens shooting
A gunman in Athens shot dead Michel Nomari, the Jordanian publisher of an Arabic-language magazine that had written of an attempted coup against Syria's President Hafez al-Assad.

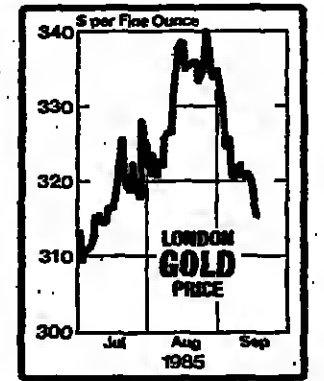
U.S. accused
U.S. law professor Abram Chayes, of Harvard Law School, said that evidence before the World Court in The Hague showed that Washington conceived, created and organised a mercenary force to overthrow the Nicaraguan Government. The U.S. refuses to attend the hearings. Page 5

Brandt goes east
Former West German Chancellor Willy Brandt, forced to resign 11 years ago when a communist agent was discovered on his staff, made a rare visit to East Berlin. Page 2

U.S. priest freed
Benjamin Weir, an American Presbyterian minister held hostage in Lebanon for more than a year, has been released.

Warburg launches stripped UK gilts

LONDON merchant bank S. G. Warburg successfully revived the zebra - zero-coupon Eurosterling bearer or registered accruing securities - and set it loose on the Euro-bond market. The launch of bonds, which are backed by UK government securities, follows a similar but unsuccessful issue last month by Quadrant Securities. Page 15; Eurobonds, Page 19



GOLD In New York the December Comex settlement was \$319.80. Gold fell \$2 to the London bullion market, to close at \$315.00. It also fell in Zurich to \$316.65 (\$317.45). Page 30

WALL STREET The Dow Jones industrial average closed up 2.24 at 1,904.00. Page 36

TOKYO Stocks fell across a broad front in cautious trading. The Nikkei-dow market average dropped 61.85 to 12,528.65. Page 38

LONDON equities and gilts remained in the doldrums. The FT Ordinary share index ended down 1.9 at 1,008.8. Page 38

DOLLAR ended in New York at DM 2.9153, SwFr 2.3955, FFf 8.8825 and ¥242.65. It rose in London to DM 2.903 (DM 2.892), FFf 8.86 (FFf 8.81), SwFr 2.3880 (SwFr 2.38) and ¥242.10 (¥241.85). On Bank of England figures the dollar's index rose to 140.0 from 140.0. Page 31

STERLING ended in New York at \$1.3285. It fell 30 points in London to close at \$1.3336. It also fell to ¥333.5 (¥333.75). It rose to DM 3.9773 (DM 3.975), FFf 11.6375 (FFf 11.60) and SwFr 3.19 (SwFr 3.1875). The pound's exchange rate index closed unchanged at 81.1. Page 31

TOKYO's offshore financial market moved closer with publication of what the Ministry of Finance considers to be its likely parameters. Page 20

MALAYSIAN Government has launched a 10m ringgit (\$400m) investment fund to stimulate expansion in manufacturing, agriculture and tourism through concessional loans. Page 20

A GROUP of 18 United Arab Emirates banks and international banks have agreed more time to agree restructuring for the debt-laden Galadari trading empire of Dubai, following this week's adjournment of a National Bank of Abu Dhabi default suit. Page 20

AT&T, U.S. telecommunications group, said a Federal ruling which allows it to combine the operations of its long-distance telephone service and telecommunications equipment businesses will save \$100m a year. Page 19

COCKRILL-SAMBRE, Belgium's state-owned steel producer, has warned of delays in its recovery plans with expected first-half and year-end losses. Page 19

GERTING, Malaysian casino, hotel and plantation group, continues to enjoy strong earnings growth, with pre-tax profits for the first half to June rising 17 per cent to 98.4m ringgit (\$33.8m). Page 20

Olivetti, Acorn and Thomson plan desk computer standard

BY PAUL BETTS IN PARIS

THOMSON, the French nationalised electronics and defence group, is joining Olivetti and Acorn, the UK personal computer company, to create a European standard for personal computers, in developing a personal computer for the education and general home market.

The three are expected to announce agreement today on the venture, which would be significant also because it would be an attempt to create a European standard for personal computers, to compete with Japanese and U.S. standards.

The agreement is at a preliminary stage and envisages setting up a working group to study areas of collaboration. It is expected to be followed swiftly by concrete steps to develop the new product. The companies also envisage pooling their research efforts in this field.

The deal follows months of discussions between Thomson and Olivetti, both of which have appeared interested in collaborating in personal computers since Olivetti acquired Acorn. The continental European group evidently hope to boost the marketing of the existing products and eventual joint products by linking forces in the competitive personal computer market.

Thomson has been searching for a large European partner to support

its recent entry into the personal computer market.

The French company sought a link with Olivetti, but the Dutch multinational opted last year, planning to follow the Japanese standard for personal computers.

The new agreement comes as Thomson is increasing its commitment to the personal computer market with the introduction of a new top of the line model called T09 for its current series of personal computers.

Despite the difficult market, Thomson's personal computer arm is making money, showing a small profit of FFf 10m (\$1.13m) last year on sales of FFf 350m. The unit is expected to be profitable again this year with sales of about FFf 1bn.

Thomson has made a major effort in the educational sector of the personal computer market and is currently supplying most of the computers for the French Government's ambitious computers for schools programme.

Jason Crisp in London writes: Standards do not yet exist for computers in the home and educational markets. Each manufacturer has its own operating system which means any program has to be specifically adapted to run on its computer.

This has meant the companies such as Commodore and Sinclair Research which achieve the highest sales are the ones for which the best programs are written. In turn, this reinforces the attractiveness of the product, making it increasingly difficult for other companies to enter the market.

To break this spiral, leading Japanese consumer electronics companies developed a standard (MSX) enabling each machine to run the same programs. The attempt flopped in both the U.S. and UK, however, because of delays in getting all the companies to agree the standard which meant the computers took longer to get to the market.

The situation is now more complicated at the borderline between the business and home computer becomes increasingly blurred. There are two de facto standards for business computers, both established in the U.S., which have gained dominance after a commercial struggle.

Educational authorities in several countries, including Britain, are considering adopting one of the proven business standards which would give them much greater freedom to purchase computers from a range of companies and avoid being locked into one supplier.

EEC's new funding plan 'omits Spain and Portugal'

By Quentin Peel in Brussels

EEC BUDGET ministers yesterday approved a Ecu 32bn (\$24.8bn) draft budget for 1986, and immediately ran into angry criticism that they had failed to make allowance for Spain and Portugal, who take up full membership of the Community on January 1 1986.

They cut some Ecu 3bn from the proposals submitted by the European Commission for spending in the first year of the expanded 12-member Community, but none the less exceeded the spending ceiling of Ecu 29.7bn they imposed on themselves in the summer.

The ministers managed to trim the budget only by postponing any decision on how to cope with a backlog of commitments, particularly to the EEC social and regional funds, until after the European Parliament has given the document a first reading.

They left out any specific provision for Spain and Portugal from those funds, in spite of a plea by the two new member-states to make special allowances.

They cut back on the sum available for food aid to Third World countries, allowing no increase on the 1985 total. They also approved further cuts in spending on agricultural training and investment, on fisheries and on transport policies.

The hard-fought compromise, reached after almost 19 hours of talks in Luxembourg, split the 10 member-states, leaving Italy, Ireland and Greece opposed, but lacking enough votes to block it.

The deciding question was seen as the need to restrain the European Parliament - the other legal arm of EEC budget drafting - from being able to increase the spending far beyond the guidelines of budgetary discipline agreed by the Ten.

To do so, the ministers decided to keep spending on policies outside the main budget field of agriculture to a maximum increase of 7.1 per cent - known as the maximum rate - thereby restricting members of the European Parliament (MEPs) to adding only half that amount when they debate it.

However, the outcome was given an angry reception not only by the parliament, but also by members of the Spanish and Portuguese delegations. They took part in the debate but did not have a vote.

Mr Jean-Pierre Cot, chairman of the parliament's budgetary committee, said: "The Council of Ministers is incoherent. In 1985 it proposed a budget for 10 months instead of 12. In 1986 it is proposing a budget for 10 months instead of 12."

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Commission steel quotas, Page 2

French budget entails cut in real spending

BY PAUL BETTS IN PARIS

THE FRENCH Socialist Government yesterday approved one of the country's toughest post-war budgets. A real cut in public spending excluding debt charges, is envisaged for the first time.

The budget is the last to be presented by the Socialists in the present parliament and is thus likely to be implemented by the right-wing opposition, which is expected to win next year's general election.

The basic strategy behind the budget is to use cuts in public spending to make way for small reductions in personal and corporate taxes while leaving the budget deficit at FFf 145bn (\$18.4bn) or 3 per cent of gross domestic product (GDP).

In political terms the budget steals some of the opposition's programme at the same time as enabling the Socialists to pursue their disinflationary policies and show a better performance on lowering inflation than the right previously achieved.

Public spending will rise for the first time over the FFf 1,000bn mark in next year's budget. If debt charges are not included, however, the increase in public spending will be held down to 2.8 per cent against a forecast average inflation rate of 3.4 per cent next year.

GDP is expected to grow by 6.1 per cent in nominal terms and 2.1 per cent in real terms.

The Government has decided to cut income taxes by 3 per cent and corporate taxes by 5 per cent if profits are relaxed. Overall, the tax burden will have come down by 1 per cent since 1984, after steady increases in recent years. M. Pierre

MAIN ECONOMIC ASSUMPTIONS

	1985	1986
	(per cent)	(per cent)
GDP	+1.3	+2.1
Household consumption	+1.3	+1.6
Corporate investment	+1.8	+4
Exports	+3	+3.4
Imports	+2.7	+2.7
Consumer prices at year-end	+4.5-6	+2.9
Average rate of consumer prices	+5.0	+3.4
Purchasing power	+1.1	+1.3
Company profit margins	27.8	28.5
	(in FFf billion)	
Trade balance	-12.15	+5
Balance of payments	0-5	+10-15
Dollar/franc exchange rate	9.10	8.50

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Continued on Page 18
Stock exchange warned, Page 2

U.S. urges action over flow of arms secrets

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

SOVIET EFFORTS to collect and assimilate Western military technology are far greater than previously believed, and must be thwarted by more effective counter-measures, the Reagan Administration warned yesterday.

The call for increased Western vigilance came in a detailed Pentagon report on Soviet undercover methods of acquiring Western military secrets, complete with numerous examples of how Soviet weapons programmes had benefited from the effort.

The Pentagon dismissed suggestion that publication of the sensitive report would further jeopardise U.S.-Soviet relations just two months before the Geneva summit meeting between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, in mid-November.

"We have no desire to throw cold water on the summit," said Mr Richard Perle, Assistant Defense Secretary for international security policy. It would have been "artificial" to suppress the report, and Moscow was obviously already fully aware of its contents, he added.

The report said that despite several decades of massive investment in its own research and devel-

opment, there was little prospect that the Soviet Union could reduce its dependence on a wide variety of Western defence products and technology in the near future without allowing the technological gap to widen.

"Virtually every Soviet long and short-term research project for military systems - well over 4,000 in the late 1970s, and well over 5,000 in the early 1980s - is benefiting from the documents and hardware of at least a dozen Western countries," the report said.

The Soviet appetite for Western military technology would remain voracious, the report said. Moscow would continue to exploit any weaknesses in Western export controls as well as Western policy differences, and would "devote whatever resources and manpower are required to fulfil their most critical military collection requirements."

Western efforts to stem the flow had made the Soviet effort "more difficult and costly than at any time in the past," the report said. But the West should continue to strengthen its counter-measures, particularly by improving its knowledge of Soviet needs so as to draw up "meaningful and practical, multilateral export control lists."

About 90 per cent of the roughly 100,000 Western documents acquired each year under one of the Soviet collection programmes were unclassified, the report said. Soviet intelligence services and their East European "surrogate" probably provided Moscow with about 10,000 classified technology documents each year from the West.

In recent years, East European intelligence services had perhaps been more successful than Soviet intelligence in obtaining "priority defence technologies" in the U.S. and elsewhere, the report said. The Soviet need was greatest in electronics and communications, although Moscow had saved most rubles by using Western technology in the armour and electro-optic industry.

The report gave no overall figure for Soviet savings in research and development costs, although it said that at least 1.4bn rubles (about \$2.2bn) had been saved on selected projects during the tenth Soviet five-year plan (1976-80).

Continued on Page 18
Moscow condemns SDI stand, Page 2

Hernu takes tough line on Greenpeace

BY DAVID HOUSEGO IN PARIS

M. CHARLES HERNU, the French Defence Minister, yesterday strongly denounced allegations that the French foreign intelligence services had been responsible for the sinking of the Greenpeace ship Rainbow Warrior in New Zealand in July.

In a prepared statement read before the television cameras, M. Hernu expressed his indignation at what he described as a "campaign of calumny" against the French armed forces. He implied that the accusations carried by Le Monde on Tuesday were linked to a wider attempt to undermine France's nuclear deterrent.

M. Hernu's statement, his second in two days, was aimed at dispelling accusations that the Rainbow Warrior had been sunk by two French divers attached to the French secret services.

Le Monde also said that M. Hernu and three of France's most senior military officers Gen Jeanmon Lacaize, the former armed forces chief of staff, General Jean Soubrier, his successor, and Admiral Pierre Lacoste, the head of the French foreign intelligence service (DGSE) - had lied in testimony they gave to the official inquiry into the Greenpeace affair.

After reading his statement yesterday, M. Hernu declined to take questions. He also did not reply to allegations that the official inquiry conducted by M. Bernard Tricot was misled.

He said he knew that there were "murky zones" in the Greenpeace affair and declared that he was doing his best to shed light on them. He offered no explanation, however, as to why the Government

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Co-founder of Apple resigns

BY LOUISE KEHOE IN SAN FRANCISCO

MR STEVEN JOBS, one of the two founders of Apple Computer, the company which pioneered the personal computer market, has offered his resignation as chairman after a prolonged period of increasing strain with Mr John Sculley, the chief executive.

Mr Jobs was 21 when he helped to start Apple in a friend's California garage. Mr Steven Wozniak, the other co-founder and designer of the Apple II computer, left the company earlier this year.

The move followed Mr Jobs' announcement last week of plans to form a new company, understood to be an educational computer manufacturer. Apple is the leading supplier of computers to U.S. schools.

Relations with Apple appeared to

have reached breaking point after Mr Jobs informed the company that he had hired five key Apple executives to join him in his new venture.

Mr Jobs, whose personal holdings in Apple were reckoned to be worth several hundred million dollars at the peak of the company's stock market popularity two years ago, brought Mr Sculley into the company from PepsiCo, the soft drinks group, to give it managerial expertise.

He has disposed of a substantial portion of his shares during the past few months since it became clear that Mr Sculley had got the upper hand in reshaping the group to face up to shrinking markets for its products and tougher competition.

Known as a mercurial manager, Mr Jobs ran Apple's Macintosh division until May when he was relieved of management responsibility by Mr Sculley.

Mr Jobs, now 30, asked the Apple board to accept his resignation immediately, but the company has not yet responded except to say that it is "evaluating what possible actions should be taken to assure protection of Apple's technology and assets."

Mr Jobs claims that he offered to resign last week, but that the board asked him to defer action. Apple directors, then understood Mr Jobs' new venture to be an "education company," and were not aware of

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EUROPEAN NEWS

Moscow condemns Reagan stand on SDI

BY PATRICK COCKBURN IN MOSCOW AND REGINALD DALE IN WASHINGTON

THE REFUSAL by President Ronald Reagan to negotiate a halt to the U.S. Strategic Defence Initiative (SDI) research programme has again come under strong attack from the Soviet Union.

In its first reaction to Mr Reagan's reaffirmation on Tuesday of his position on SDI research, the Soviet news agency Tass said the President implied that the Pentagon was already planning to test components of SDI, the so-called Star Wars system.

Mr Mikhail Gorbachev, the Soviet leader, has said that unless there are negotiations on preventing the development of space weapons, there can be no discussion on limiting offensive nuclear weapons at his summit meeting with Mr Reagan in Geneva in November.

Tass noted that President Reagan had given his full support to the U.S. anti-satellite weapons tests, the first of which was carried out against a real target last week.

Soviet commentators and senior officials have denounced the test, the allegations that "spy dust" was being used on U.S. diplomats in Moscow and the expulsion from London of 31 Soviet citizens for espionage as part of a concerted effort "to poison the atmosphere" before the Geneva summit.

Mr Gorbachev is not a "bargaining chip," Mr Reagan appears to have sharply reduced the chances of a major agreement on arms control.

His determination to brook no restraints on his experi-

mental programme, which he repeated on Tuesday night in a news conference, is by no means new. Since its inception, he has regarded that programme as a visionary plan to rid the world of nuclear weapons, which is far too epoch-making to be frittered away in negotiations.

The latest reaffirmation of his position, however, comes at a time when his Administration has started considering whether to show some flexibility on the programme in the interests of reaching a deal with Moscow at the summit. In this debate,

many and regarded them as first-strike weapons. Last week, the governments in East Berlin and Prague wrote to Chancellor Helmut Kohl offering tripartite talks on the issue. Herr Kohl welcomed the letter but said he would continue to back Nato proposals for a worldwide ban with clear verification procedures.

Mr Reagan has thus now come firmly down on the side of those, such as Mr Caspar Weinberger, the Defence Secretary, who insist that there must be no such deal.

While Mr Reagan insisted that there would still be plenty of other things to talk about at the summit, it is far from clear that Mr Gorbachev will agree with him. Mr Gorbachev has made it plain that he regards Star Wars as the overriding priority for the summit, and has offered to produce plans for dramatic reductions of offensive nuclear weapons as soon as Mr Reagan concedes on Star Wars.

U.S. officials had been hoping that the scope of such proposals would be outlined by Mr Edward Shevardnadze, the Soviet Foreign Minister, when he visits Washington for talks with Mr Reagan and Mr George Shultz, the Secretary of State, at the end of next week.

Mr Reagan, however, now appears to have rejected such a scenario in advance. The Star

Wars research and development programme, he said, was too important for the world to "trade off for a different number of nuclear missiles when there are already more than enough to blow both countries out of the world."

The President also rejected the approach suggested by Mr Gorbachev in his recent interview with Time Magazine, that scientific research on the weapons could continue while "field tests" and "the designing stage" should be limited.

Mr Reagan said that he regarded testing and development as a legitimate part of research.

Mr Reagan repeated that he would "stop short of deployment" and talk to the Soviet Union and other countries about how the new weapons could be used. But his Administration has made it quite clear for a long time that the aim of such talks would not be to negotiate constraints on the new weapons but to discuss how best to introduce them.

Department spokesman said earlier this month that if the positions outlined by Moscow are to be taken seriously, "they must be addressed directly to the table in Geneva, and seen as a bargaining chip."

The Soviet negotiators are still seeking U.S. concessions on "the key issue of non-militarisation of space," as Mr Viktor Karpov, their leader, indicated on his return to Geneva on Tuesday.

The U.S. has said anything can be discussed in Geneva but both Mr Reagan and Mr Caspar Weinberger, the Defence Secretary, have recently repeated that the SDI is not "a bargaining chip."

Meanwhile, clearing will continue to be carried out by the five banks—Kreditbank and Generale Bank of Brussels, Lieke Bank of London, Credit Lyonnais of Paris and Kredietbank Luxembourg—which already undertake such business.

They will work closely with Swift on the technical side and will be joined as clearing banks from November 1 by two other institutions: Banque Bruxelles Lambert and Institut Bancaire San Paolo di Torino.

Bankers believe the system itself will respond to the needs of the marketplace where private transactions in Ecu are growing rapidly.

"At Credit Lyonnais, the volume of clearing through the new clearing banks has doubled in the last six months," says M. Dominique Rambure, a senior executive of the French bank who has been elected chairman of the new formed Ecu Banking Association.

Further official encouragement for the clearing system has come from expectations that the European Investment Bank will join the association, though it is not expected to clear Ecu business in competition with the other clearing banks.

These are by: Allgemeine Bank Nederland, Allied Irish Bank, Banca Commerciale Italiana, Banca Nazionale del Lavoro, Banque Internationale de Luxembourg, Banque Nationale de Paris, Caisse d'Epargne (Luxembourg), Credit Agricole, Deutsche Bank, Morgan Guaranty and Societe Generale.

Other banks may join the clearing system eventually. Although the BIS has set a maximum limit of 30 for the time being.

THE IRISH Government has chosen a satellite designed by the U.S. Hughes Communications to supply a direct broadcasting system (DBS). Programmes from the satellite will be receivable in the whole of the British Isles and parts of northern Europe.

The choice of the Atlantic Satellite consortium was something of a surprise since a rival group, Westsat, which included the Irish Broadcasting service, RTE and Allied Irish Banks, had been favourite.

In the event the Irish Government appears to have been worried at the possible losses which might be incurred by RTE if the project was not a commercial success. A final cost for the satellite, which is due to be operational in 3½ years, could be £100m (£108m).

Atlantic Satellite is headed by Mr James Stafford, an Irish businessman. The experience of Hughes Communications in the manufacture of satellites appears to have swung the decision in its favour.

The Irish market could not support a DBS system on its own but the potential audience is reckoned to be almost 100m people and this is the attraction of the system.

Mr Stafford has not made clear where he will acquire programming for the satellite.

Banks set for Ecu clearing system

By Peter Montagnon, Euromarkets Correspondent

THE Bank for International Settlements is set to approve the formation of a clearing system for private banking transactions denominated in Ecu when its board meets next in Basel on November 12.

This follows the formation in Paris this week of an association of 18 leading commercial banks which would work with the BIS in operating the clearing system for Ecu transactions.

Ecu is the currency unit of the EEC and is a composite of the currencies of individual member states weighted according to their share in Community trade. Bankers believe the formation of a clearing system will give a major boost to the UK of the Ecu in private dealings.

As one of its first actions, the association has agreed on proposals for the scheme which are now due to be considered by the BIS board.

As a further step forward, the Brussels-based Society for Worldwide International Financial Telecommunication (Swift) has also this month undertaken to develop the computer programmes necessary for it to net out transactions in the clearing system.

This and the formation of the association itself fulfil two of the main conditions set by the Ecu Council for the system to participate in the system by operating accounts in Ecu for each individual clearing bank.

But the time taken to develop and test the Swift computer programmes means that clearing will not become operational for about another year, bankers said yesterday.

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Women's retirement before men 'breaks Community laws'

BY ROBIN PAULEY IN LONDON

PUBLIC authorities which require women to retire at an earlier age than men breach an EEC directive, the European Court's Advocate-General has found.

His opinion, delivered yesterday, is likely to be endorsed by the European Court when it considers its judgment around the end of the year on a case brought by a British health worker backed by the UK's Equal Opportunities Commission.

The result, especially if a favourable European Court decision triggers a series of similar cases with-out prompting UK Government action, could be a European Commission complaint to Britain about its failure to abide by EEC rules. In addition, the Luxembourg-based court has the power to fine individual firms. The British Government usually tries to comply with European Court rulings.

The case was brought by Miss Helen Marshall, now 67, a senior dietitian employed by Southampton and South West Hampshire Health Authority in the UK which wanted her to retire against her wishes when she turned 60. She was 62 in 1980 but then forced to retire, although a man holding the same position would have been allowed to work until he was 65.

An industrial tribunal dismissed her case but, backed by the Equal Opportunities Commission, she fought it up to the British Appeal Court, which referred the case to Luxembourg.

Sir Gordon Slynn, the Advocate-General, said that the 1978 EEC directive, which was not being followed by four other EEC countries as well as Britain, meant that women were not to be penalised in the length of their working life just because they became eligible for a pension earlier than men.

"For an employer to dismiss an employee having passed her 60th birthday on the grounds only that she is a woman is discrimination," he added, however, that in his view the directive applied to the public sector and was not necessarily applicable "horizontally" to the private sector, although there was some confusion as to why different rules of equality apply in public and private sectors.

The finding equals equal opportunity and sex discrimination but not pensions. A separate EEC directive allows member states to discriminate between pension rights for men and women so there is no question of the British Government having to revise the age at which a state pension becomes payable—65 for men and 60 for women.

Although the ruling does not affect pensions, the Equal Opportunities Commission last night urged the Government to consider having the same pension age for men and women and leave it up to the individual whether to work beyond it.

The Employment Department in London said last night that the judgment would have to be studied carefully before the implications for equal opportunity and employment conditions were clear.

Worldwide de-regulation a threat to Paris bourse

BY DAVID MARSH IN PARIS

WORLDWIDE financial market de-regulation is confronting the Paris bourse with "a problem of survival," according to M. Daniel Lebeque, director of the French Treasury.

In one of the frankest explanations yet from a senior French official, the reasons for this year's tide of liberalisation measures from the Finance Ministry, M. Lebeque said the Government was trying to reinforce Paris as a financial centre.

M. Lebeque made his comments to bankers at the opening here of a branch of Amsterdam Rotterdam bank. Among the liberalisation moves made this year are efforts to link short and longer term financial markets and the introduction of futures and options dealing. The Government has also taken steps to increase competition between bankers and stockbrokers and is allowing company treasurers to tap the short term money markets

directly through issues of commercial paper.

Although the Government has lifted some minor exchange controls, it is cautious about going further. M. Lebeque classified as "disagreeable" the exchange premium system which penalises French residents' purchases of foreign securities, but said it would be removed only when the balance of payments performance allowed.

He also said that the trend towards controlling money supply through interest rates rather than through quantitative controls, was unacceptable. This would involve the Bank of France intervening on the money market in a similar fashion to the U.S. and Britain.

Even though France formally scrapped its old system of credit ceilings at the end of last year, the new monetary system contains an element of quantitative control.

Austrian budget deficit set to grow next year

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN budget deficit is set to grow further next year despite measures to curtail spending, Dr Franz Vranitzky, the Finance Minister, said this week.

The gross budget deficit is expected to grow to about AS 105bn (\$5.1bn) next year compared with an expected AS 95bn-100bn for this year.

Initially the 1985 budget outlined expenditure of AS 468bn and revenues of AS 369bn resulting in an AS 99bn budget deficit, but a slightly higher deficit is now expected.

Dr Vranitzky said he expected that the 1986 net deficit—gross deficit less debt redemptions—would represent 4.6 per cent to 4.8 per cent of the Gross Domestic Product, a slight increase in the 4.4 per cent expected for this year but lower than the 5.4 per cent recorded in 1983.

He did not say how much the next deficit would be but independent forecasters suggest that it will run at about AS 60bn, up slightly from the AS 60bn expected for 1985.

During negotiations that went on throughout the summer the Finance Minister told ministries to find ways to cut their overall expenditure by 5 per cent to 10 per cent, hoping that this would deter excessive additional demands.

French capital will be blocked. In 1980, the French Government published a decree banning the World Federation of Trade Unions (WFTU), the main Soviet-bloc union centre, from operating in Paris. Force Ouvriere fears that the WFTU's mining unions are certain to join the new federation in an attempt to move their organisation from Warsaw to France, thereby acquiring a level of international respectability it does not currently enjoy.

The first meeting of the International Federation of Mining and Energy Workers is due to take place at a congress in Paris this weekend. Letters from the British National Union of Mineworkers' Sheffield headquarters have been dispatched world-wide to invite fellow organisations to attend.

In Brussels, officials of the Miners' International Federation, an autonomous affiliate to the main Western union centre, the International Confederation of Free Trades Unions (ICFTU), have been working to ensure there are no defections by its member unions.

Moreover, in Paris, Force Ouvriere (FO), another ICFTU affiliate, has written to President Francois Mitterrand demanding that any attempt by the new federation to set up a permanent secretariat in the

U.S. looks for firm Soviet proposals at Geneva talks

BY WILLIAM DUFFELPORT IN GENEVA

THE UNITED STATES is looking to the Soviet Union for firm proposals on arms reductions in the third round of nuclear weapons talks which starts here today.

With just two months before the summit meeting here between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet team will be pressed to clarify the offers of large cuts in nuclear weapons hinted at by Mr Gorbachev in his interview with Time Magazine and by Soviet diplomats in private conversations.

No time limit has been set for the third round, indicating that the two sides expect negoti-

ations to continue up to the summit on November 19 and that the teams will be in place in Geneva when the two leaders meet. Schedules of seven to eight weeks were agreed for the first two rounds.

They ended in deadlock. The Soviet Union insisted that detailed negotiations on reducing nuclear weaponry could not start until the U.S. agreed to halt its Strategic Defence Initiative (SDI), the so-called "Star Wars" programme. The U.S. has refused to give way to this demand.

The negotiations have been conducted since last January in three groups. One deals with

space weapons and defensive missiles, the second covers strategic nuclear weapons, the third handles intermediate nuclear forces, such as the Soviet SS20s and the U.S. Pershing and cruise missiles deployed in Europe.

The broad shape of what happens during the first two rounds has since emerged. The U.S. proposed that the number of strategic nuclear warheads be cut to around 5,000 on each side from around 8,500. The Soviet negotiators agreed in principle but made any negotiation on detail contingent on the U.S. abandoning its "space strike arms."

They also made consideration

of the second U.S. proposal, to discard all intermediate nuclear weapon systems, conditional on the cancellation of the SDI.

Remarks made by Mr Gorbachev and Soviet diplomats since the second round ended on July 16 in no way suggest that Moscow had abandoned its goal of halting the Star Wars programme.

Moscow, on the other hand, has heavily emphasised its readiness to make cuts in nuclear weapons. The figures hinted at would correspond fairly well with the U.S. proposal for strategic missile cuts. Washington has dismissed these hints as propaganda.

Mr Bernard Kalb, the State

Department spokesman, said earlier this month that if the positions outlined by Moscow are to be taken seriously, "they must be addressed directly to the table in Geneva, and seen as a bargaining chip."

The Soviet negotiators are still seeking U.S. concessions on "the key issue of non-militarisation of space," as Mr Viktor Karpov, their leader, indicated on his return to Geneva on Tuesday.

The U.S. has said anything can be discussed in Geneva but both Mr Reagan and Mr Caspar Weinberger, the Defence Secretary, have recently repeated that the SDI is not "a bargaining chip."

Meanwhile, clearing will continue to be carried out by the five banks—Kreditbank and Generale Bank of Brussels, Lieke Bank of London, Credit Lyonnais of Paris and Kredietbank Luxembourg—which already undertake such business.

They will work closely with Swift on the technical side and will be joined as clearing banks from November 1 by two other institutions: Banque Bruxelles Lambert and Institut Bancaire San Paolo di Torino.

Bankers believe the system itself will respond to the needs of the marketplace where private transactions in Ecu are growing rapidly.

"At Credit Lyonnais, the volume of clearing through the new clearing banks has doubled in the last six months," says M. Dominique Rambure, a senior executive of the French bank who has been elected chairman of the new formed Ecu Banking Association.

Further official encouragement for the clearing system has come from expectations that the European Investment Bank will join the association, though it is not expected to clear Ecu business in competition with the other clearing banks.

These are by: Allgemeine Bank Nederland, Allied Irish Bank, Banca Commerciale Italiana, Banca Nazionale del Lavoro, Banque Internationale de Luxembourg, Banque Nationale de Paris, Caisse d'Epargne (Luxembourg), Credit Agricole, Deutsche Bank, Morgan Guaranty and Societe Generale.

Other banks may join the clearing system eventually. Although the BIS has set a maximum limit of 30 for the time being.

THE IRISH Government has chosen a satellite designed by the U.S. Hughes Communications to supply a direct broadcasting system (DBS). Programmes from the satellite will be receivable in the whole of the British Isles and parts of northern Europe.

The choice of the Atlantic Satellite consortium was something of a surprise since a rival group, Westsat, which included the Irish Broadcasting service, RTE and Allied Irish Banks, had been favourite.

In the event the Irish Government appears to have been worried at the possible losses which might be incurred by RTE if the project was not a commercial success. A final cost for the satellite, which is due to be operational in 3½ years, could be £100m (£108m).

Atlantic Satellite is headed by Mr James Stafford, an Irish businessman. The experience of Hughes Communications in the manufacture of satellites appears to have swung the decision in its favour.

The Irish market could not support a DBS system on its own but the potential audience is reckoned to be almost 100m people and this is the attraction of the system.

Mr Stafford has not made clear where he will acquire programming for the satellite.

UK suggests six industrial forums to boost Eureka

BY RUPERT CORNWELL IN BONN

BRITAIN is suggesting the establishment of six broad industrial "forums," each dealing with a specified high technology, as a means of securing the most market-oriented approach possible to the planned Eureka programme for high-tech collaboration in Europe.

London will next month host a conference of financiers and industrialists to see how Europe's financial markets can best back development projects. The British Government believes these should be funded

as much as possible from the private sector with as little direct State support as is practical.

These twin proposals are contained in a working paper submitted to a preparatory session here, which ended today, of senior officials from the 17 countries which endorsed the Eureka programme in Paris last July. The hope is that the meeting will prepare a draft report, to be further refined by a second meeting of the country's existing Eureka, while Britain believes that official support should

send-off for Eureka—whose future method of functioning and funding remains obscure—at a ministerial meeting in Hannover in November.

Thus far, only France, with the contribution of FF 1bn (\$90m) announced by President Mitterrand at the July gathering, has formally pledged financial backing to the scheme. The Bonn Government, has denied reports that it has allocated specific resources to Eureka, while Britain believes that official support should

primarily consist of removing barriers to the commercial success of individual projects.

These barriers, in whose dismantlement the Brussels Commission will have a key part to play, include agreement on common standards and the creation of a genuine single European industrial market, especially in public purchasing.

Beyond that, Britain argues that industrialists, and not officials, should have the dominant hand in choosing and carrying out Eureka projects.

To qualify, a venture should have a minimum of two "core" participants from at least two European countries, while companies involved must commit money of their own to the venture.

The six areas for collaboration, provisionally sketched out by the UK after discussion with British industry, cover electronic products, high-tech systems for homes and offices, computing products, transportation, industrial structures, including robotics and lasers, and biotechnology products.

Bonn coalition at odds over South African links

BY RUPERT CORNWELL IN BONN

THE CENTRE-RIGHT coalition Government of Chancellor Helmut Kohl was thrown into disarray yesterday over plans to break off the country's existing cultural and sporting agreement with South Africa.

The Government spokesman confirmed last night that the West German embassy in Pretoria had already set in motion the existing agreement to abrogate the existing agreement dating from 1962, with the aim of replacing it with another embracing blacks as well as whites in South Africa.

Less important than the innocuous substance of the measure, taken in accord with Bonn's EEC partners, is the row it has provoked between the Chancellor's Christian Democrats (CDU) and the liberal Free Democrats (FDP) on the one hand and the arch-conservative Christian Social Union (CSU) of Bavaria, led by Franz Josef Strauss, on the other.

Four CSU ministers took the virtually unprecedented step at

yesterday's Cabinet meeting of formally tabling their refusal to accept that the decision to break off the country's existing cultural and sporting agreement with South Africa had been approved by the Cabinet last week, as both the Chancellor and Herr Hans-Dietrich Genscher, the FDP Foreign Minister, insist.

The answer to the argument here, which mainly on the semantics of Cabinet procedure but the way in which a comparatively trivial dispute has been magnified is proof of the continued inability of Herr Kohl to hold his coalition in line and of the lengths to which a jealous CSU will go to attack Herr Genscher, who subscribes to the Community agreement.

Herr Strauss, a constant and sharp-tongued critic of the foreign minister, yesterday described the South African policy as a "catastrophe" for the credibility of the Government and too important to be the object of "cheap domestic political manoeuvring."

Herr Brandt's three-day visit follows the announcement in Bonn that a secretary in Chancellor Helmut Kohl's office had fled to East Germany with her husband.

The news added further fuel to a scandal sparked by the defection here of top counter-espionage agent Hans Joachim Tiedge last month.

Herr Brandt himself resigned as Chancellor after the arrest of his personal aide, Guenter Guillaume. Guillaume confessed to spying for East Germany and served six years of a 13-year jail sentence before being released in an East-West swap.

Western diplomats said the current espionage affair was unlikely to hinder Herr Brandt's talks with East German leaders.

They said the former Chancellor, whose Ostpolitik heralded the beginning of East-West détente in the 1970s, would probably want to discuss disarmament issues and human rights. Bonn is currently pressing East Berlin to allow more East Germans to visit relatives in the West.

Arms issues could produce several points of agreement though Herr Brandt will clearly be eager to avoid accusations of undermining Western alliance policy.

The SPD and the East German Communist Party recently agreed a joint document proposing a chemical weapons free zone in central Europe as a first step to a total ban.

The SPD has also condemned deployment of U.S. medium-range missiles in West Germany.

Herr Brandt has made it clear he is not empowered to conduct any negotiations on behalf of Bonn, Reuters

Brandt visits E. Berlin

E. Berlin

EAST BERLIN—Former West German Chancellor Willy Brandt, who resigned in 1974 after his aide was exposed as a communist agent, arrived in East Berlin yesterday against the background of another East-West German spy scandal.

The opposition Social Democrat (SPD) party chairman will receive a state welcome when he crosses the fortified wall from West to East Berlin.

He was later expected to walk along the central Unter den Linden Avenue, but strict security precautions were being taken to avoid public demonstrations reminiscent of his last visit to East Germany in 1970. On that occasion crowds gathered in East Berlin chanting him and chanting "Willy, Willy."

A meeting with communist leader Erich Honecker is scheduled for today.

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Herr Brandt has made it clear he is not empowered to conduct any negotiations on behalf of Bonn, Reuters

Spanish opposition tries to

OVERSEAS NEWS

Middle East
peace talks
urgent, says
Thatcher

By Roger Matthews in Amman

MRS MARGARET THATCHER, the British Prime Minister, arrived in Jordan last night having warned that there could be "acute difficulties" for King Hussein if his Middle East peace initiative was abruptly terminated.

She went immediately to meet the King, having praised him for the courage he had shown in the steps towards peace. At a banquet given by the Jordanian monarch, Mrs Thatcher stressed that peace could not be achieved "if large numbers of the people in the occupied territories are denied the possibility of living under a system and a Government that they could trust."

She said that there had to be a fair settlement which "takes into account the legitimate rights of all the people and the areas, including, of course, the Palestinians." The Prime Minister is clearly worried, however, that there is a running out for King Hussein's peace plan. "There are only a few months left to get the first stage off the ground," she said before leaving Egypt.

King Hussein launched his initiative last February, in consultation with Mr Yassir Arafat, chairman of the Palestine Liberation Organisation (PLO). It envisages Israeli withdrawal from the West Bank and Gaza Strip in confederation with Jordan. The first step, is for a joint Jordanian-Palestinian initiative to hold talks with the U.S. before moving into negotiations with Israel.

Mrs Thatcher suggested earlier that the delay in holding this initial meeting must have been in part due to President Ronald Reagan's illness. However, the U.S. has also rejected a number of the Palestinian delegates proposed by Jordan because of their association with the PLO.

Mrs Thatcher will also be seeking in her talks today with King Hussein a modification of his demand for an international peace conference under United Nations auspices. She thought that if King Hussein's plan won the backing of the European Community, together with the U.S. and moderate Arab states, this might be a sufficient international framework for work for him.

The urgency of the Prime Minister's task was underlined earlier this week when Jordanian and Syrian officials met in Saudi Arabia, for reconciliation talks. Syria is totally opposed to King Hussein's initiative and has repeatedly stated that it is doomed to failure.

Second hearing
in Bahrain bank
case closed

By Mary Frings, recently in Bahrain

THE SECOND hearing in Bahrain yesterday of a case against Mr Hassan Najadi, the former chairman and chief executive of the Arab Asian Banking Group, was closed after less than 10 minutes into the resignation of his lawyer.

The lawyer's claim that he had not been given access to his client or to the documents on which the prosecution case is based, is now to be examined by a higher court within the next few days.

It is alleged that Mr Najadi has not seen his lawyer while he has been in detention for the past five months, and a request has been put to the higher court either that he should be released during the period of his trial or that he should be allowed to consult in private with his legal representatives.

At a preliminary hearing in the criminal court on August 21, Mr Najadi was accused of forgery of documents, embezzlement, destruction of bank documents, misappropriation of bank funds and abuse of trust.

The charges appear to have no bearing on the serious solvency problems which led to the takeover by Luxembourg-based interests of Arab Asian Bank in April this year. They relate solely to a \$27.5m personal loan arranged two years ago in the name of the member of Mr Najadi's family, but allegedly serviced by Mr Najadi himself.

ECONOMIC REFORM PACKAGE EXPECTED SOON IN BID TO SECURE IMF LOAN

Zambia set to introduce foreign exchange auction

BY PATTI WALDMER IN LUSAKA

ZAMBIA is set to introduce a foreign exchange auctioning system which will lead to a sharp fall in the over-inflated official value of the kwacha. The system would form part of a package of economic reforms which is expected to lead to the conclusion of an agreement with the International Monetary Fund (IMF) for about SDR 100m (\$76m).

The move, expected to be announced officially on Monday, follows nearly a year of tough negotiations between IMF and Zambian government officials on radical measures needed to halt the country's precipitate economic decline.

This has been spurred by low prices and falling production of copper, which provides 90 per

cent of export earnings. Last year's production of some 520,000 tonnes was 50,000 tonnes short of the Government's target, while a further 40,000-50,000 tonnes drop may be expected this year.

Mr Luke Mwananshiku, Zambia's Finance Minister, is understood to have sent a timetable outlining proposed reforms to Mr Jacques Larosiere, the IMF managing director, including a commitment to a foreign exchange auction.

A number of other measures implemented recently, such as a subsidy reduction leading to a 50 per cent rise in the price of maize meal, the atapia feed (further subsidy cuts are likely), reductions in civil service staffing and spending, and

the de-control of domestic interest rates, were also included.

Action to clear the Kwacha 800m to Kwacha 700m "pipeline" of unremitted profits and dividends built up over the past six years is a crucial element of the programme.

An IMF team is due in Lusaka late next month to assess the reforms and it is hoped that final agreement on a new standby can be reached by the year-end.

A previous SDR 225m 20-month standby facility agreed in July last year was suspended last year with only SDR 80m drawn.

Under the proposed auction system, importers will be

allowed to bid freely for a limited amount of foreign exchange each week.

Although it was not clear what restrictions might be imposed on the use of foreign exchange purchased, it was believed that foreign companies wishing to remit profits and dividends could do so through the auction.

The exchange rate set at auction would apply to all foreign exchange transactions in the economy, including imports by government departments and the petroleum sector, although they would not compete directly in the auction.

This is expected to lead to a sharp drop in the official value of the kwacha, which currently trades at around

one-third of its official value on the black market.

The corresponding rise in domestic petrol prices will boost food costs and hit hard at living standards which have fallen sharply in recent years.

Numerous government parastatals, which dominate all sectors of the economy apart from commercial banking and commercial farming, could go to the wall as the burden of servicing external debts worsens and large-scale redundancies appear unavoidable.

No agreement can be finalised, however, until Zambia clears some SDR 75m in arrears to the IMF, which may require the Government to seek a commercial bank bridging credit.



Mr. Luke Mwananshiku

Deng to
remain
at helm
in China

By Robert Thomson in Peking

A SENIOR Chinese official stressed yesterday that the Chinese leader, Deng Xiaoping, would remain at the country's helm indefinitely and that no other major changes are expected in the leadership in the near future.

His comments came after an extraordinary Chinese Communist Party conference had opened in Peking.

The 992 conference delegates gathered for the Great Hall of the People were told by Communist Party general secretary, Hu Yaobang, that 90 new members would be appointed by the meeting to the party's central committee and its alternate body, replacing the 64 elderly officials who resigned earlier this week.

Mr Hu put in a good word for the resigning veterans, who, it was confirmed, would continue to receive their full salary and the perks of power.

"Those comrades who have retired have played an exemplary role in matters of historic significance, to wit, the abolition of life tenure of leading posts, the establishment of a retirement system for central leading cadres, and the reduction of the average age of the central leadership."

At a press conference after the sitting, a party spokesman, Zhu Mu, who was himself among the resigning officials, stressed that Deng Xiaoping would remain in power indefinitely, and denied strong rumours that the Chinese President, Li Xiaonan, would retire during the six-day conference.

As well as appointing replacements for the departing officials, the conference will be asked to approve the country's next five-year economic plan.

In a preliminary speech on the state of the economy, the Chinese Premier, Zhao Ziyang, indicated the plan would include a further loosening of central control over individual enterprises.

An annual growth rate of 7 per cent for each of the next five years has been targeted, Premier Zhao said, while the central committee is "taking a number of measures" to curb excessive growth in industrial output.

Attack designed to
aid Angola rebels

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN defence headquarters yesterday revealed further details of its latest cross-border raid into Angola as international criticism mounted and diplomats voiced a growing belief that the operation is at least partly designed to ease the pressure on Unita forces further north.

South African defence officials have in the past said that at least 60 per cent of the 8,000 South-West Africa People's Organisation (Swapo) guerrillas have been deployed in support of the Angolan FPLA army in operations against Unita forces led by Dr Jonas Savimbi.

Defence headquarters in Pretoria said yesterday that nearly 500 South African and Namibian troops split into 12 "reaction teams" of about 40 men each, were up by helicopter, were conducting what it called the "follow-up operation" against the Swapo 8th Battalion consisting of between 400 and 800 men.

It said the operation follows last week's attacks by Swapo on Namibia in large numbers, two of them since the withdrawal of South African forces from southern Angola on May 15.

The statement added that the majority of the 200 Swapo

forces involved in the first operation between January 10-15 had been destroyed and that 72 had been killed in the latest operations.

Significantly the latest statement from defence headquarters criticised the FPLA. It noted "greater co-operation between the FPLA and Swapo and accused the Angolan forces of providing Swapo with logistic help and also informing them of security force movements."

Defence headquarters also accused Swapo of violating the February 1984 Lusaka agreement between South Africa and Angola 145 times.

Under the accord South Africa agreed to withdraw its troops providing the FPLA did not allow Swapo to occupy the vacated areas.

"It rapidly became obvious that the Angolan forces not only provided Swapo with logistic help but also informed them of security force actions," the statement said.

Security analysts here noted that the latest raid is partly aimed at pre-empting the traditional rainy season infiltration effort by Swapo and of breaking up their supply lines to the south.

It also takes place as a recently formed coalition "government" of national units in Windhoek is about to embark on a "political" operation designed to boost its standing among the Ovambo tribe, which makes up nearly 80 per cent of the town's population and which has claimed its principal support.

Reconsider Krugerrand
ban, Pretoria urges U.S.

BY ANTHONY ROBINSON IN JOHANNESBURG

THE ANNOUNCEMENT by Mr George Shultz, U.S. Secretary of State, that the U.S. intends to ban the import of Krugerrands within two months to counter an attack on our mining industry, Mr Louis Nel, the recently appointed Deputy Minister of Information, said yesterday. Mr Nel called on Washington to reconsider its decision.

South Africa, he added, was "concerned that in terms of the symbolic value of the Krugerrand, ignores the practical consequences."

The mining industry employs over 550,000 people. It is the second largest employer of blacks in South Africa and the largest employer of foreign blacks.

It is also the largest earner of foreign exchange for the rand monetary area which includes Lesotho and Swaziland, he added.

Half the earnings of foreign workers are re-patriated to their

families while about one-seventh of the price of each Krugerrand accrues to the family of foreign miners back home.

"We constructively oppose what is being served by attacking one of the most viable and important instruments of economic development in Africa," he concluded.

When sales of Krugerrands were at their peak in November 1978 the coins accounted for 48 per cent of that month's total gold output of 1.89m ounces. This year they are expected to total less than 10 per cent of total gold output which reached 14.43m ounces over the first 8 months of this year.

Banking officials believe that the contraction of the Krugerrand market on top of the general liquidity problems exacerbated by disinvestment and the standstill on foreign debt repayment, has obliged the Reserve Bank to step up its gold auction sales as contributing to the continuing weakness

Japan sets
defence
cash target

By Carla Rapoport in Tokyo

JAPAN yesterday hammered out a new five-year defence spending programme but it remains unclear whether the programme will breach the long-held ceiling on spending of 1 per cent of gross national product.

The spending target of ¥18,400bn (\$56.8bn) for 1995 was agreed early yesterday after all-night negotiations between government and political leaders including Mr Koichi Kato, Defence Agency director-general, Mr Noboru Takeshita, Finance Minister, and Mr Shintaro Abe, Foreign Minister.

This amount is estimated to be 1.038 per cent of Japan's GNP for the five years, according to the Economic Planning Agency. However, the first year's spending is expected to be below 1 per cent of GNP because of expected revisions of the GNP calculation have later this year.

The spending targets were approved by Prime Minister Yasuhiro Nakasone's Cabinet yesterday afternoon. Mr Nakasone failed earlier this month to secure political approval for ending the 1 per cent limitation.

Cabinet ministers also agreed yesterday to boost Japan's foreign aid programme, known as Official Development Assistance (ODA), for 1986-1990 to \$40bn (\$28.6bn) or more.

It was agreed that the Government would strive to double the ODA in 1992 from its 1985 levels, raise the ODA-GNP ratio, improve the quality of Japan's overseas assistance and enhance the effectiveness of its ODA spending.

AP-DJ adds: Mr Satoshi Sumita, the governor of the Bank of Japan, indicated yesterday that he is opposed to restrictions on capital outflows.

He said Japan should be "extremely careful" in intervening in a natural flow of capital.

Mr Smith said Japan should not curb the drain of capital at a time when the U.S. has to depend on capital from outside to cover its budget deficit and when protectionist sentiment in the U.S. Congress has been growing. Such a step, he said, might be considered to be a threat against the U.S.

Singapore wins
battle to
stabilise dollar

By Chris Sherwell in Singapore

THE Monetary Authority of Singapore, the island state's bank regulatory agency, yesterday claimed victory for its tough intervention operation against speculators who had been selling the Singapore dollar short.

The currency finished the day in Singapore yesterday at S\$2.20 against the U.S. dollar, around pre-speculation levels after being hauled back up from an eight-year low last week of S\$2.31 to S\$2.1930 on Tuesday.

The authority achieved its target of stabilisation principally by driving up overnight rates in the local interbank market, thus making it prohibitively costly to fund speculative short-selling. At one point on Tuesday the rate hit 105 per cent, and yesterday it finished at 20.25 per cent, a five-point spread.

In a typically sharp statement yesterday afternoon, Dr Goh Keng Swee, acting chairman of the agency in the absence of Dr Richard Hin in China, said the authority's action had achieved its purpose and liquidity would now be injected back into the market.

"Speculators have suffered heavy losses," he said, and he warned that the exercise would be repeated if the phenomenon re-emerged. "Those who must speculate are well advised to leave the Singapore dollar alone."

Dr Goh also said bankers should recall their loans to speculators or not renew them at maturity. He warned corporations which had borrowed at prime rates and lent overnight at a profit "to stick to their chosen fields and not act as financial intermediaries."

Paris Club agrees
Morocco debt pact

BY FRANCIS CHILES

THE Paris Club of Western government creditors has agreed to reschedule about \$1bn (£740m) worth of Moroccan Government debt, which falls due in 1988 and 1989.

This figure, which includes both principal and interest, amounts to 90 per cent of what the country owes Western governments during those two years.

Repayments will be stretched over nine years with four years' grace, conditions considered extremely favourable to the debtor.

The agreement reached in Paris follows the accord between Morocco and the International Monetary Fund which led, earlier this week, to the IMF extending a new SDR 315m (\$246m) loan to the kingdom.

Western banks, which are owed about \$3bn by Morocco in 1985 and 1986, are expected to reach an agreement over the next few weeks.

Agreement between Morocco and the banks was held up for many months by Morocco's reluctance to allow its central bank to give a formal guarantee to the Western banks.

Instead, the Banque du Maroc has given the banks a letter of undertaking to make foreign currency available to meet the service of the commercial debt.

Two months ago the World

Manila bid
to ease IMF
programme

By Samuel Senoran in Manila

THE PHILIPPINES yesterday sought relaxation of austerity measures imposed by the International Monetary Fund in a revised letter of intent to the Fund which spells out its 1986 economic programme.

The revision was the second made since last year and follows a period of economic contraction. The IMF executive board is to meet on September 25 in Washington to review progress in the Philippines' adjustment programme.

A favourable review would lead to the release of the third tranche of about \$106m of the standby arrangement signed in 1984 with the IMF.

The revised recovery programme seeks an expansion in the ceiling on the budget deficit to allow for some leeway in funding.

The original ceiling had been set at about 1 per cent of gross national product but Mr Cesar Virata, the Prime Minister, said this should be allowed to expand to between 1.5 per cent and 1.6 per cent of GNP.

The revised programme calls for replacement of the 5 per cent tax on imports by a 10 per cent levy for importers, 7 per cent for manufacturers and producers and 3 per cent for wholesalers and retailers.

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WHERE THE WORLD IS AT HOME

AMERICAN NEWS

IMF forecasts slower growth in developing world

By Stewart Fleming in Washington

THE International Monetary Fund is projecting a significant slowdown in economic growth in the developing world next year, a shift which will add to unease about the world debt situation at the annual meetings of the IMF and the World Bank in Seoul, South Korea, next month.

Earlier this year in its April world economic outlook the IMF said it expected real growth in the developing world in 1985 of 4.0 per cent and in 1986 of 4.5 per cent.

But amid signs of slower economic growth in the industrial world this year and continuing uncertainties about the outlook in 1986, particularly for oil prices, the IMF will be projecting growth rates of 3.5 per cent for 1985 and 4.1 per cent for 1986 in the latest version of its report. The outlook which will be released next month, officials confirmed.

Part of the explanation for the gloomier projections for developing countries lies in the IMF's expectations of only moderate growth for the industrial world.

For 1985 the IMF has revised

down its real growth forecast for industrial countries from the 3.1 per cent projected in April this year to 2.8 per cent, the much slower growth in the U.S. being a major factor.

In April the IMF thought the U.S. would expand at an annual rate of 3.4 per cent this year; now it foresees only 2.6 per cent. Next year, however, it is assuming some revival in U.S. growth as the drag on the domestic economy from rising import penetration subsides.

An annual rate of growth of 3.3 per cent is now assumed for the U.S. rather than the 3.0 per cent it forecast in April.

These projections are considerably below the Reagan Administration's official projections of 3.5 per cent for 1985 and 4.0 for 1986.

As worrying as the actual projections for the world economy which imply a deteriorating situation in the economic background to the world debt situation, is the uncertainty which surrounds them, particularly as they relate to the U.S. This is something IMF officials are likely to stress in Seoul next month.

World Bank launches participation loan plan

By Stewart Fleming in Washington

THE WORLD BANK is launching a pilot programme selling loan participations to financial institutions to try to make better use of its limited capital resources and tap a broader segment of the world's financial markets for new funds.

The programme, announced by the bank yesterday, involves the sale of about \$300m (£223m) in participations in loans with maturities ranging from six months to 12 years. The aim is to sell the loans in German marks, U.S. dollars, Dutch guilders and Swiss francs at competitive yields. But the World Bank plans to retain its status as lender of record and to retain a stake in the loan.

The effect of this is to offer investors a loan with the World Bank name attached to it, but not with a World Bank guarantee. As a result the bank's capital is not tied up backing the loan and the proceeds of the sale can be re-lent, thus expanding what the bank likes to describe as its "catalytic" role.

The bank will initially sell participations in loans to 15 developing countries.

Jimmy Burns visits the home town of Argentina's President Alfonsín 'Raulito' before the razzamatazz

EUROPEANS have the chance this week to glimpse the circus of private secretaries, bodyguards, businessmen, Government ministers and camera crews who accompany Sr Raul Alfonsín, the Argentine President, on every state occasion.

The presidential show during Sr Alfonsín's official visit to West Germany and France has all the usual razzamatazz—with the man inseparable from his office. But 10,000 miles south-west of Paris in his home town of Chascomus, the President is remembered more for what he was than what he has become.

Inhabitants of the small lake-side town (pop: 30,000) in the midst of the Argentine pampa this week appeared impervious to the media's trumpeting of Sr Alfonsín's European trip beamed nationwide on prime-time state television.

"We're a small conservative provincial community. We like our social reunions, our walks by the lake. We keep to ourselves. What happens to the President in the outside world does not affect us," says Sr Alicia Lahourcade, a local historian.

In Chascomus, "Raulito" is remembered as the affable but disorganised lawyer who preferred card games, dancing and politics to the courts, and whose personal finances were so chaotic that he usually survived by borrowing money from friends.



Chascomus supporters watch as their local boy-made-good

Since Sr Alfonsín first ran successfully for the provincial legislature of La Plata, near Buenos Aires, in 1958, his political career has revolved around the capital. But he has maintained personal links with Chascomus. The occasional return of Raulito to his fold has assured extra kudos for the President.

Last month, on the nationally celebrated "día del amigo" (day of the friend), Sr Alfonsín chose to embrace his home town. Temporarily freeing himself from the Presidential entourage, he made an impromptu visit to a friend's house, danced a tango in the

has yet to come up with concrete evidence of corruption.

On the contrary, the most striking aspect about Chascomus today is its cautious conservatism. The local newspaper, El Argentino, has devoted pages to criticising the legal aspects of the junta trials, and explaining the electoral platform of the centre-right coalition in a generally favourable light.

"We were promised natural gas for all the houses and an extension of the railways line by the Government. But we can wait. We know we have to pull our belts in to get the country through," comments Sr Nini Bonito, a local Alfonsínist.

The town's economic difficulties however, are common to the rest of the country. Stagnation in the months following Sr Alfonsín's election forced the closure of a local textile and metallurgical factory.

Chascomus has fallen back on its traditional life savers, the land, the vast prairie surrounding Chascomus and its lake provides a natural pasture for cattle, but farmers here as elsewhere in Argentina complain about inadequate prices.

The town is a sad reflection of a more glorious past. Chascomus grew in the last century thanks to the agricultural export-led economic boom that made the pampa the "granary of the world," and the British the most successful merchant in Latin America.

Petroperu to cover foreign oil group costs

By Doreen Gillespie in Lima

PERU'S state oil company, Petroperu, is to pay a fee to cover production costs of the three foreign oil companies whose contracts were rescinded by the Government last month and who say they have run out of money to cover expenses.

The fees will total about \$610,000 (£436,000) a day, approximately half the amount Petroperu previously had been paying to buy oil from the companies.

The state oil company had stopped payments after contracts were rescinded on August 28. The new arrangement will remain in effect until fresh contracts are signed with Occidental Petroleum Corporation of Los Angeles, Beto Petroleum Corporation of New York, and the consortium formed by Occidental with Bidas of Buenos Aires.

The companies produce an average 123,000 barrels per day, which is about two-thirds of total output of 190,000 b/d. This covers local demand and leaves a small surplus for export.

Under previous contracts, the companies handed half the oil to Petroperu free of charge and sold the balance at international prices.

Brazil optimistic on deal with IMF by end of year

By Andrew Whitley in Rio de Janeiro

BRAZIL MAY be able to reach an agreement with the International Monetary Fund on a new austerity programme by the end of this year, Sr Dilson Fumero, the Brazilian Finance Minister, said in Washington.

Speaking after a meeting with M. Jacques de Larosière, the IMF managing director, the first direct contact with the Fund for the recently changed Brazilian economic team — Sr Fumero said there had been "an important approximation" between the two sides.

Without entering into details, he indicated that the IMF chief was broadly receptive to the Brazilian insistence on maintaining a gross domestic product growth rate of 6 per cent over the coming year.

Payments to Costa Rica on SDR 54m loan halted

By Peter Montagnon, EUROMARKETS CORRESPONDENT

THE International Monetary Fund has halted disbursements of its SDR 54m (£41m) loan to Costa Rica because of its failure to meet a targeted schedule for the reduction of its debt service areas to commercial banks.

The IMF's decision comes at a difficult time for Costa Rica which has total debts of about \$4bn (£2,980m) and is engaged in the delicate task of refinancing two floating rate notes totalling \$1bn in the Eurobond market.

Bankers say the IMF move will also have the effect of blocking payments on the \$75m credit agreed earlier this year by commercial bank creditors

as part of a debt rescue package.

But they add that the IMF move is not seen as reflecting any major shipwreck in Costa Rica's economic adjustment programme. They expect the IMF and Costa Rica to reach agreement in a means of putting the country back on track by the middle of the Autumn.

However, it was not clear yesterday what the impact would be on the bond refinancing exercise. Bond holders have to reply by September 30 to a Costa Rican offer to exchange old bonds for new on terms that are comparable with those on its bank debt rescheduling.

U.S. farm bank system 'may need aid soon'

THE FEDERAL Farm Credit System may need to be rescued earlier than has been expected, Mr Donald Wilkinson, Governor of the Farm Credit Administration, said yesterday. Renter reports from Jackson Hole.

"We might have to use the system's resources more rapidly than the 18-24-month period I've been indicating," Mr Wilkinson said. He added that the nation's farm economy had deteriorated so rapidly that his projection may have been too optimistic.

Directors and presidents of the 37 banks in the system have agreed this week to ask Congress for financial aid.

Mr Wilkinson said he agreed with estimates by the Farm Credit Banks' staff that loan losses throughout the system were likely to exhaust all the reserves in 18-24 months.

U.S. accused of trying to overthrow Sandinistas

A U.S. law professor said yesterday that evidence before the World Court showed that the U.S. Government conceived, created and organised a mercenary force to overthrow the Nicaraguan Government.

Reuter reports from the Hague. Professor Abram Chayes of Harvard Law School was summing up evidence given by six witnesses for Nicaragua during hearings at the International Court of Justice on a Nicaraguan complaint of U.S. military aggression.

The U.S. has not attended

contingency financial aid plan. He added that these plans had to be completed within two to three months in order to leave adequate time to put the plan into effect.

"It would be a serious mistake to require the banks to use up all of their resources before stepping in," he said.

Mr Wilkinson said the financial aid plan he will present to Congress in early October will be aimed at helping banks within the Farm Credit System and provide some help to commercial bank lenders.

Mr Wilkinson said the aid plan he was developing called for the establishment of a quasi-Federal agency to purchase non-performing loans from banks.

The plan calls for the new agency to package some of the non-performing loans for sale into public credit markets as securities, perhaps with some guarantee that the federal government would stand behind them.

The hearings, which are the first since Washington with the World Court showed that the U.S. Government conceived, created and organised a mercenary force to overthrow the Nicaraguan Government.

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The U.S. has not attended

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UK NEWS

Employers reject pensions reform

By Eric Short

PLANS to end the state earnings-related pension scheme (Serps) in favour of personal and company pensions from April 1987 have been rejected by the Confederation of British Industry (CBI), the employers' body.

Rejection of proposals unveiled last June by Mr Norman Fowler, Social Services Secretary, by the most influential body of business opinion in the country, will be seen as a warning to Mr Fowler. He is already weighed down with submissions from other organisations who have attacked the plans saying that practical problems will make it impossible to implement them.

Outright opposition of the Trades Union Congress, the only body yet to formally make a response, is already widely known.

The CBI said it opposed the Serps proposals because they would increase costs for employers, create inadequate pension provisions for employees and cause instability in the pension system.

The weight of the CBI's views could well make Mr Fowler think again. At least that is the hope expressed by Sir James Cleave, CBI chairman, who pointed out that the matter had aroused deep concern among CBI members.

The CBI is also highly critical of the timetable put forward for changes as totally unrealistic and dangerous. It feels that there is a need for full public debate and consultation on all the strategic options available to the Government to make the changes.

Average wages in industry rise by 9¼%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE RISE in average earnings in manufacturing industry has accelerated to an annual rate of 9¼ per cent, which is more than twice the rate of inflation envisaged in government plans for next year.

Latest figures from the Department of Employment yesterday are certain to increase the Government's anxieties about the wage round which starts this month and about prospects for unemployment.

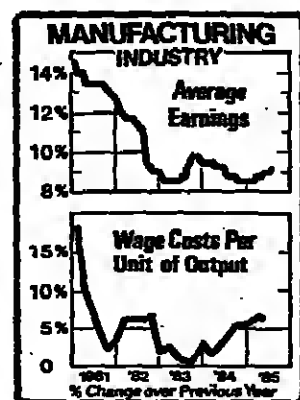
Mr Nigel Lawson, the Chancellor of the Exchequer, has repeatedly given a warning that hopes of reducing the number of unemployed - now 3.2m - will depend to a large extent on whether wage settlements become more moderate.

Yesterday's figures, however, show that the average annual rise in manufacturing earnings in July was 9.8 per cent. After allowing for distortions, it is estimated that the underlying rise was 9¼ per cent compared with 8½ per cent in the spring and 8½ per cent at the turn of the year.

These figures compare with an inflation rate of 6.3 per cent in August, and an annual rate of 4½ per cent officially projected for this time next year.

The annual rate of increase of wages and salaries per unit of manufacturing output (unit costs) rose sharply in July to 7.9 per cent from 5.6 per cent in June. Although monthly figures are unreliable, it seems that UK unit costs have been rising at an annual rate of between 8 and 7 per cent.

This is much faster than in most industrial countries. In West Germany and Japan where productivity gains have outstripped wage



risks, unit costs have recently been falling.

The evidence of increased wage pressures shown in the latest figures follows a warning from the Confederation of British Industry (CBI), the employers' organisation, that wage claims have been rising recently and some evidence from recent surveys that the level of pay settlements has been drifting upwards.

CBI surveys have also suggested that manufacturers are not intending to pass on the increase through accelerated price rises. Instead, it appears that they hope to contain costs by continuing to replace workers by machines and so raise productivity.

The Government may take some comfort from the fact that yesterday's figures showed a very small rise in employment in manufacturing industry in the three months to July compared with the level in the previous three months. However, officials are gloomy about future employment prospects if earnings continue to rise at the present rate.

Unions seek over 6% for 1m workers

By Our Labour Staff

ENGINEERING unions yesterday lodged demands for a "substantial" pay increase for about 1m workers employed in Engineering Employers' Federation (EEF) member companies.

Unions have yet to put a precise figure on the demand but Mr Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions, has said he would be looking for an increase "above 6-7 per cent."

When the EEF responds to the claim, it is almost certain to emphasise that its member companies have been making relatively low agreements recently. The median settlement over the summer months has been 6 per cent, with only 10 per cent settling above 7 per cent.

The unions are also claiming the adult rate of pay for workers at age 16 and overtime payments to be calculated on the basis of pay rates set by individual companies.

The claim excludes the customary demands on hours and holidays, because they are being discussed in a separate negotiating committee. This was established when the employers responded to last year's claim for a 35-hour week with radical counter-proposals for more flexible working practices.

It is understood that the employers have tabled proposals for a framework agreement on hours and flexible working. The idea is that the national agreement would specify a list of changes in working practices in return for shorter hours.

Peter Riddell reports on the Liberal assembly in Dundee

Alliance boosted by large poll lead over Labour and Tories

THE SOCIAL Democrat/Liberal Alliance has moved into a large opinion poll lead over both Labour and the Conservatives, further boosting the confidence of its leaders after their two successful conferences.

A Gallup poll in today's Daily Telegraph puts the Alliance's support at 39 per cent, its highest rating since the heyday of its formation in 1981. This compares with 29.5 per cent for Labour and 29 per cent for the Tories.

The poll was taken after the SDP annual conference in Torquay last week.

In a previous Gallup poll a month ago the Alliance stood at 34 per cent, compared with 40 per cent for Labour and 24 per cent for the Tories.

News of the poll became known at the Liberal assembly in Dundee, Scotland, yesterday evening after a day in which Liberal activists had given Dr David Owen, the Social Democrat leader, a warm reception

and they had demonstrated their desire for unity in a debate on preparing for government.

An increase in the Alliance rating is not entirely surprising after the extensive television coverage and favourable publicity given to the SDP conference last week and the divisions at the Trades Union Congress the week before.

There have admittedly been sharply differing figures in recent polls, though: the result underlines the three-party nature of current British politics. The figures will be seen by Alliance leaders as strengthening their strategy of gaining credibility as a contender for power at the next general election.

The figures are also uncomfortable news for Labour leaders, especially as the party faces a difficult, and possibly divided, conference in Bournemouth later this month.

The new mood among Liberal activists was highlighted by the

standing ovation given to Dr Owen, which was in contrast to the heckling faced when he addressed the Liberal assembly two years ago.

Dr Owen was careful to deal with the activists' susceptibilities, praising the decentralist emphasis of Liberal policy. His theme was that the Alliance now filled a vacuum, having attracted the vast majority of previous Labour supporters who had voted Tory in 1979 or 1983. He said the Alliance's first task was to seek and hold that vote.

He repeatedly referred to the need for the Alliance to create a sense of national unity and said that, if unemployment could be brought to a declining trend, the whole climate in Britain would suddenly change.

Dr Owen defended his stance of talking about the balance of power, since he believed this realism had increased the Alliance's credibility and boosted public belief in the possibility of an Alliance government.

Parties face the test of credibility

By Our Political Editor

"CREDIBILITY is the name of the game in our new politics. You prepare for government by acting like a government in the day-to-day decisions of opposition," said Dr David Owen, the Social Democrat leader, on the eve of the Alliance conference season nearly a fortnight ago.

Judged by this yardstick, the Liberals and Social Democrats now do appear much more than parties of protest. Yet they still have a long way to go to appear a "credible" alternative government.

There is certainly a sense of responsibility and serious-mindedness absent from Liberal assemblies in the past. The group of boorish, previously described as individualists masquerading as Liberals, is now limited to a couple of dozen young Liberals, as was shown yesterday both in the warm reception given to Dr Owen and in the tone of the lively debate on preparing for government.

Attacks on the leadership received a lukewarm response, though there was some sympathy for Mr William Wallace after the somewhat heavy-handed treatment he received after the leaking of his paper on the inadequacy of Alliance preparations for government.

The most vivid illustration came when Mr Des Wilson, the long-standing environmental campaigner, talked almost in a language of a Labour Party boss in urging delegates to accept compromise and democratic decisions on Alliance policy and then to unite.

The key to the change in mood is probably the success of the Alliance in May's local elections. Ms Maggie Clay, the organising secretary of the Association of Liberal Councilors, argued that something fundamental had happened to the party - following the local elections it believed it could win. She argued that these councilors could contribute significantly to the preparations for power.

This argument should not be taken too far since council politics is very different from Westminster politics, and local councilors, however good, often do not adjust to the House of Commons.

The other strand in the "credibility" debate is Mr Wallace's argument that the Alliance, with its limited experience of government, needs to do much more to learn how to deal with Whitehall. This is similar to the debate among Labour politicians before that party's 1964 victory.

The Alliance can capitalise on the Cabinet experience in the late 1970s of a few SDP leaders, but otherwise many of its spokesmen lack authority, particularly on major economic and international issues.

For all Labour's problems, its shadow Cabinet still has more plausibility as an alternative government than the Alliance.

Joint election strategy planned

BY KEVIN BROWN

THE LIBERAL PARTY yesterday committed itself to the closest possible relationship with the Social Democratic Party, including joint policy formation, in the run-up to the next general election.

Delegates from all sections of the party endorsed the Alliance strategy and pressed for closer co-operation at all levels. In marked contrast to previous Liberal assemblies, there was virtually no criticism of the Social Democrats.

Speakers who pressed for an end to joint leadership of the Alliance found little support, as did a delegate who attacked the performance of the successful Liberal by-election team as "liberal, hypocritical and downright dishonest."

Delegates voted overwhelmingly for a resolution calling for the establishment of a joint Alliance election campaign office by next January and urging a sharper presentation of Alliance policy.

Opening the debate, Mr Viv Bingham, a former president of the party, said the Alliance had to aim for outright victory at the next general election.

Mr Andy Ellis, the acting secretary general, said the general election campaign was on the political agenda immediately. He called for more joint policy development, better training of party activists and more campaigning on issues at all levels.

Mr Des Wilson, a member of the

national executive, said the Alliance had to win power before the decline caused by the other two parties became irreversible. He urged delegates to accept the joint leadership of the Alliance by Dr David Owen and Mr David Steel.

Mr David Alton, a Liverpool MP, dismissed calls for a single Alliance leader. Politics would in future require co-operation between parties and it would be dishonest not to face that now.

Mr Alan Sberwell, a member of the national executive, said there were serious reservations among party workers about the way in which joint policy was being formulated.

Economic policy to tackle unemployment

A CRASH PROGRAMME of infrastructure development emerged yesterday as the probable centrepiece of Liberal economic strategy for a incoming Alliance government.

Public capital spending would be backed up by tax incentives to promote private industrial investment, an expanded training programme and a statutory incomes policy.

The programme appeared yesterday as the core of a draft resolution on economic policy produced by a working party on the regeneration of the economy.

The resolution, which will be debated tomorrow, is deliberately short of detail. It makes clear, however, that unemployment is regarded as a dangerous source of social instability and will be the focus of Alliance economic policy.

Some specific measures are recommended in the resolution. They include full British membership of the European Monetary System in order to stabilise exchange rates and international action to ease the Third World's debt crisis.

The emphasis is on developing an "alternative" economic strategy based on conservation and environmental protection and stressing worker participation in industry

and decentralisation of financial institutions.

There was little support for calls for a statutory body along the lines of the U.S. Securities and Exchange Commission to regulate the City of London.

LOCAL authorities leaving property empty for more than three months should be obliged to make it available to those willing to use it, conference agreed.

Delegates in the debate on housing rejected the inclusion of private property in such a policy.

Mr Simon Hughes, a London MP, said Liberals did not accept the magic of the marketplace should determine the housing policies of the country. Policies should be based on need.

A CALL for the replacement of local authority education committees by directly elected councils was rejected by delegates.

The remainder of a lengthy motion entitled Opening up Education was overwhelmingly approved.

Proposed policies ranged from integrating the present system of training and education under a new Department of Education and Training to more training for school governors.

Reuters starts new service

By CHARLES BATCHELOR

REUTERS, the international business information group, yesterday launched a new service which allows subscribers to compare quotes for a range of international stocks supplied by competing securities dealers on a single page of its Monitor system.

The introduction of Reuters new "composite" pages is the first step towards the development of a dealing system for internationally traded securities. It highlights the competition between Reuters and the London Stock Exchange to create a marketplace for leading international stocks.

The stock exchange has been up-

grading its Topic network over recent months by the introduction of its own composite pages for a range of international stocks.

This is a prelude to the creation of SEAG, the stock exchange automated quotations system, which is also expected ultimately to develop into a dealing system.

Reuters has begun with 66 composite pages in Canada, Japan, Dutch, U.S. and South African stocks, but expects to increase this to about 150 pages very soon. Thirteen banks, securities dealers and brokers are supplying prices to Reuters. They include Bache Securities, Deutsche Bank,

Drexel Burnham Lambert, Goldman Sachs, Robert Fleming and Sun Hung Kai Securities.

A further 17 market makers already supply Reuters with prices on their own individual pages. A number of UK jobbers and brokers are prevented from supplying data to the composite pages by a stock exchange ban on co-operation with the composite service.

The stock exchange is keen for its members to be clearly identified in any composite service to highlight the fact that they are subject to the exchange's regulations. Reuters and the exchange are attempting to negotiate a compromise.

Raleigh launches 'electronic' bicycle

By CHRISTOPHER PARKES

"EVEN THE COLOURS are loud," boasts TI Raleigh of the Vektor, its new electronic bicycle launched in London yesterday.

Retailing at about £200, the Vektor Electronic bicycle is equipped with a three-station radio and a simple computer and display which shows speed, distance covered and the time. In place of a bell, a sound synthesiser offers a wide assortment of howls, bips and wails.

"Output is only about 0.5 watts," says Mr Bob Mills, marketing manager. "So it's quieter than a motorbike."

The bicycle is available for about £50 less with only the casing for the electronics in place. The electronic accessories are also available in kit form.

Raleigh, the loss-making subsidiary of the TI engineering and appliances group, claims the bi-

cycle is the first of its kind in the world.

It is planning to start exports to the Netherlands, Belgium, West Germany and the U.S. in the new year. For the time being, the single production line at its Nottingham plant is fully occupied in meeting UK demand for the Christmas market.

A touring trade show has led to 20,000 orders, according to Mr Bob Ing, managing director, and offers of delivery had to be restricted towards the end of the trip because production capacity was being outstripped.

The bicycle is aimed specifically at boys between seven and 12 years old. The company hopes to revive sales in a sector which has faded badly since the BMX and other stunt cycles began to lose favour.

The limitations of the BMX

and similar cycles have hit sales, which have fallen sharply from the 700,000 annual peak reached in 1983-84. Overall UK cycle sales last year fell 7 per cent and imports continued to erode British manufacturers' market share.

Raleigh lost £4.5m last year, compared with £2.5m in 1983. The Vektor is not designed for stunts. It has three-speed gears, mudguards, reflectors and other characteristics of a traditional cycle.

The company, expecting a rash of similar bicycles from other manufacturers next year, is confident that it can maintain a lead in the market. "There may be me-too bikes, but they are going to look like it," says Mr Mills. Raleigh has been working on development and tooling since 1981, he adds.

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SCI-Clone 32 has been developed by Gould Computer Systems, from a Rediffusion design concept, and is set to establish a new computing standard for simulators well into the 1990s.

When installed, the new simulators will be used to train pilots operating the 70 strong

fleet of aircraft that has made Federal Express, in just over ten years, North America's dominant air express service.

Now, Federal Express is expanding its fleet into Europe. By the end of the year, from its Brussels hub, Federal Express will be operating into key cities in major European countries.

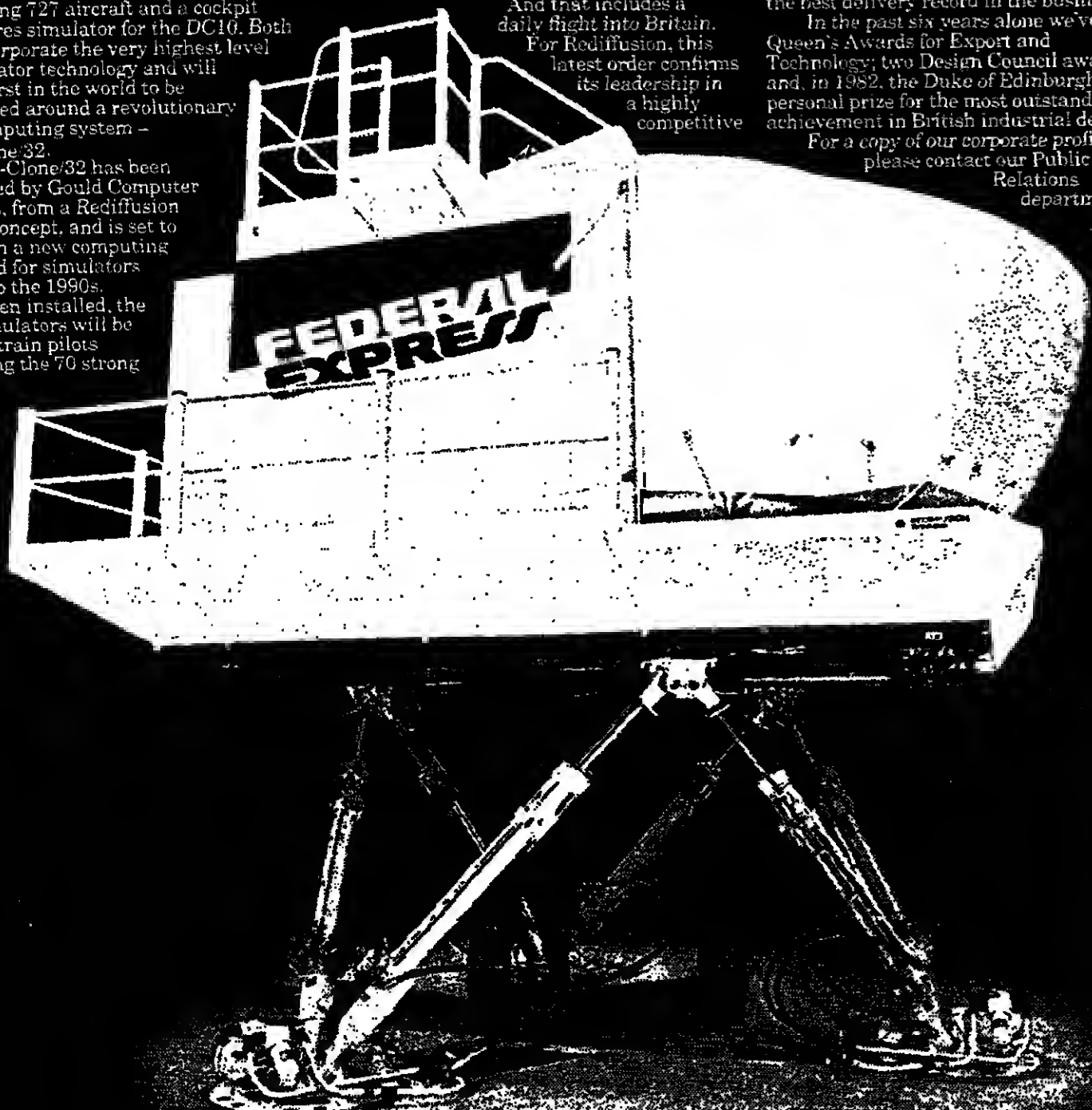
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UK NEWS

Tug-of-war for Liverpool's purse strings

A CONFRONTATION between the Government and Liverpool has been building up for months and there is now the real possibility that the city will become both bankrupt and ungovernable this autumn.

The battle being waged with increasing intensity, began over the issue of the control central government should exercise over local authority finance, but it has now developed into a test of strength of a single left-wing led authority to defeat the objectives of a Conservative Government.

It is a conflict the Government simply cannot afford to lose but one which Liverpool's leaders still believe they can win.

Mr Tony Byrne, chairman of the city's finance and strategy committee like Mr Derek Hatton, the left-wing deputy leader and other Labour colleagues, believes that the city will not only win its latest budget battle with the Government, but will sweep to power in council elections next spring. He says that he intends to continue the ambitious spending programme that has already seen the construction of 3,600 new corporation homes in a city notorious for its poor housing conditions and unemployment.

But despite the rhetoric emerging from Liverpool's grandiose 19th century municipal buildings this week, there are signs that the crisis could be resolved by the council being forced to abandon many of its ambitious schemes in order to release desperately needed cash.

A period of chaos is now inevitable following the call this week by

Nicholas Bunker and Richard Evans explain how the Thatcher Government became embroiled in a municipal budget conflict that it cannot afford to lose

the joint shop stewards committee for an all-out strike of council workers from next Wednesday, but what could prove decisive in forcing a change of mind on the council leadership is the scale of support the strike receives.

Privately, some union leaders predict that no more than 10,000 of the 30,000 workers will vote over the next few days to back a stoppage. This would mean that finance would have to be found to pay employees who continued working beyond the end of the month. As it stands the city treasury has no authorisation to pay wages beyond September 30.

Mr Kenneth Baker, the Environment Secretary, has already rejected a request from Liverpool for a £25m loan to tide it over the next few months, so the wages would have to be funded locally.

Mr Michael Reddington, city treasurer, reported to councillors 10 days ago that it would be feasible to transfer £27m earmarked for council house maintenance and repairs. Such a move has already been rejected by Mr Byrne but the pressures might become so great that the option might have to be taken up and the crisis averted, at least temporarily.

This is the course that Sir Trevor Jones, leader of the city council's

Liberal group, expects the conflict to take. He believes the Labour leadership and its union supporters have been struggling from one crisis to another in the hope of eventually being bailed out by the Government, but that sooner or later they will be forced to agree to transfer the £27m.

It is also the option Mr Baker would like to see adopted by the council, given that the alternative of increasing the rates to meet the deficit would entail an even more humiliating climbdown.

Ministers and officials are understandably wary about predicting what might happen in a situation that changes almost daily and where they are anything but privy to the arcane tactics of Labour's inner caucus.

The primary message from Whitehall is that the ball is more than ever in Liverpool's court and it is up to the local councillors to sort out the mess they have got themselves into.

There are no plans to send in troops to provide essential services - Mr Hatton and other leaders have said they intend to keep these going despite the strike - and certainly no intention of sending in local commissioners to run the city in place of the local authority.

This is seen as a move of last resort that would require special legislation and if necessary the recall of parliament. Local services would have to degenerate to an alarming extent before it would even be considered.

The problems have arisen because the council refused to balance its budget for 1985-86 in protest at government cuts in grant in the current and previous years. The council set a budget of £285m (in June) but levied only a 9 per cent rate (local property tax) rise. After grant penalties for overspending government targets, this left a deficit of more than £100m.

In a move given little publicity at the end of July the budget was reduced to £255m bringing the deficit down to about £30m because of the way grant aid operates.

The Government has been paying grant due on the council's budget since the start of the financial year but at a rate assuming a budget at the Government's target level of £222m. Penalties for having a substantially higher budget means that grant payments will shortly dry up.

Treasury officials calculated at the time of the June budget that the city would run out of money to pay wages around December 18, and would therefore be forced to issue

90-day redundancy notices to all staff three months in advance.

Such a move was prevented on Monday when council shop stewards occupied the Town Hall to stop councillors attending the meeting to approve the redundancy notices. This has brought the crisis much closer.

An alternative left to the council would be to use wages saved during an all-out strike by council staff to finance itself until the end of the year. But one senior council union official said: "It would be totally wrong to imagine that a majority of council workers in any union is actually going to support a strike."

The two teachers' unions, the NUT and the NAS/UNW, each representing about 2,500 teachers, has already rejected the joint shop stewards committee's call for an indefinite stoppage. Informed sources say that Nalco, the local government union's 6,200 members will also vote against industrial action at a mass meeting planned for next Tuesday.

Even a stoppage confined to the 9,000 General Municipal and Boller-makers' Union members in the council workforce might bring the city's services to a halt because of their control of crucial positions.

Some council union officials admit that there is considerable confusion and uncertainty regarding the council's strategy among Labour supporters in the city in spite of firm opposition to the Conservative Government's local government spending policies.

European Court of Justice to rule on oil export restriction

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT, IN LUXEMBOURG

TODAY, for the second time in four months, the British Government will appear before European judges to defend a policy formulated by a Labour predecessor.

In June the forum was the Human Rights Court in Strasbourg, where government lawyers argued in support of the 1977 Aircraft and Shipbuilding Industries Act, a nationalisation measure passed when Mr Tony Benn was Labour's Industry Secretary.

Today the venue is the European Court of Justice in Luxembourg, where the issue will be a 1979 policy statement - by Mr Benn, then Energy Secretary - effectively banning the export of North Sea oil to Israel.

The policy has been adopted by the present Conservative Government.

The question which the court has to decide is whether the ban is valid under EEC law, given a pre-existing free trade agreement between the EEC and Israel.

The matter has been referred to Luxembourg by the London High Court, which decided that it needed guidance on the application of EEC law to enable it to decide a dispute between oil companies.

In 1981 Sun Oil Trading agreed to sell North Sea crude to a Swiss oil trader, Bulk Oil (Zag), under a contract including the stipulation "destination free but always in line with

exporting country's government policy."

Shipment at the Sullom Voe terminal in the Shetlands operated by British Petroleum was stopped when it was learned that Bulk intended the oil for Israel, whose difficulties caused by the Arab boycott had been exacerbated by the revolution in Iran, previously Israel's main oil supplier.

It was claimed that the shipment would infringe UK government policy, which restricts North Sea oil exports to EEC members, the International Energy Agency and Finland.

The subsequent dispute went to arbitration, at which Sun was awarded damages which, with interest, totalled nearly \$15m, for Bulk's breach of the destination clause. Bulk's cross-claim of breach of contract was dismissed.

The award was upheld by the High Court, but Bulk was given leave to appeal on the sole issue of the validity under EEC law of Mr Benn's policy directive.

Bulk's argument was that the policy was invalid because it was contrary to an association agreement made in May 1975, between the EEC and Israel, preventing any EEC member imposing new restrictions on trade with Israel.

Sun and Bulk both asked the Commercial Court to refer the Euro-law issue to Luxembourg for a preliminary ruling - a move opposed by the UK Government.

Counsel for the Attorney General contended that no ruling on Community law was needed and that the contract between Sun and Bulk should be interpreted according to English law. The destination provision had been included merely to identify destinations to which the oil could and could not be sent, it was argued.

Mr Justice Bingham said that

Community law could not be so easily sidestepped. The contract reference to "exporting country's government policy" must mean lawful policy, he said.

He could not accept that Bulk's apparent right to export to Israel could be properly restricted by reference to a policy which the Government was not lawfully entitled to adopt or pursue.

If the Government was not, as a matter of Community law, free to adopt or pursue a policy of restricting or discouraging oil exports to Israel, it was at least arguable that private parties could claim to ignore any contractual provision which purported to restrict their rights by reference to such a policy, the judge concluded.

The Commercial Court formulated a series of questions to be put to the Luxembourg judges. They included:

Did the EEC/Israel agreement of 1975 preclude the imposition of new quantitative restrictions on exports between the UK and Israel?

If so, did the bar cover UK crude oil exports?

Did it otherwise preclude the inclusion in a contract between two individuals of a provision which prevented the export of UK crude to Israel?

Was the adoption of Mr Benn's policy incompatible with the Rome Treaty, either wholly or insofar as it sought to affect or preclude the export of UK crude to Israel?

Can an individual rely on the 1975 agreement?

Finally, the Luxembourg judges will be asked to say whether the answers to the questions are affected by the fact that no objection has been expressed about the legality of the UK policy by either the Council of Ministers or the European Commission.



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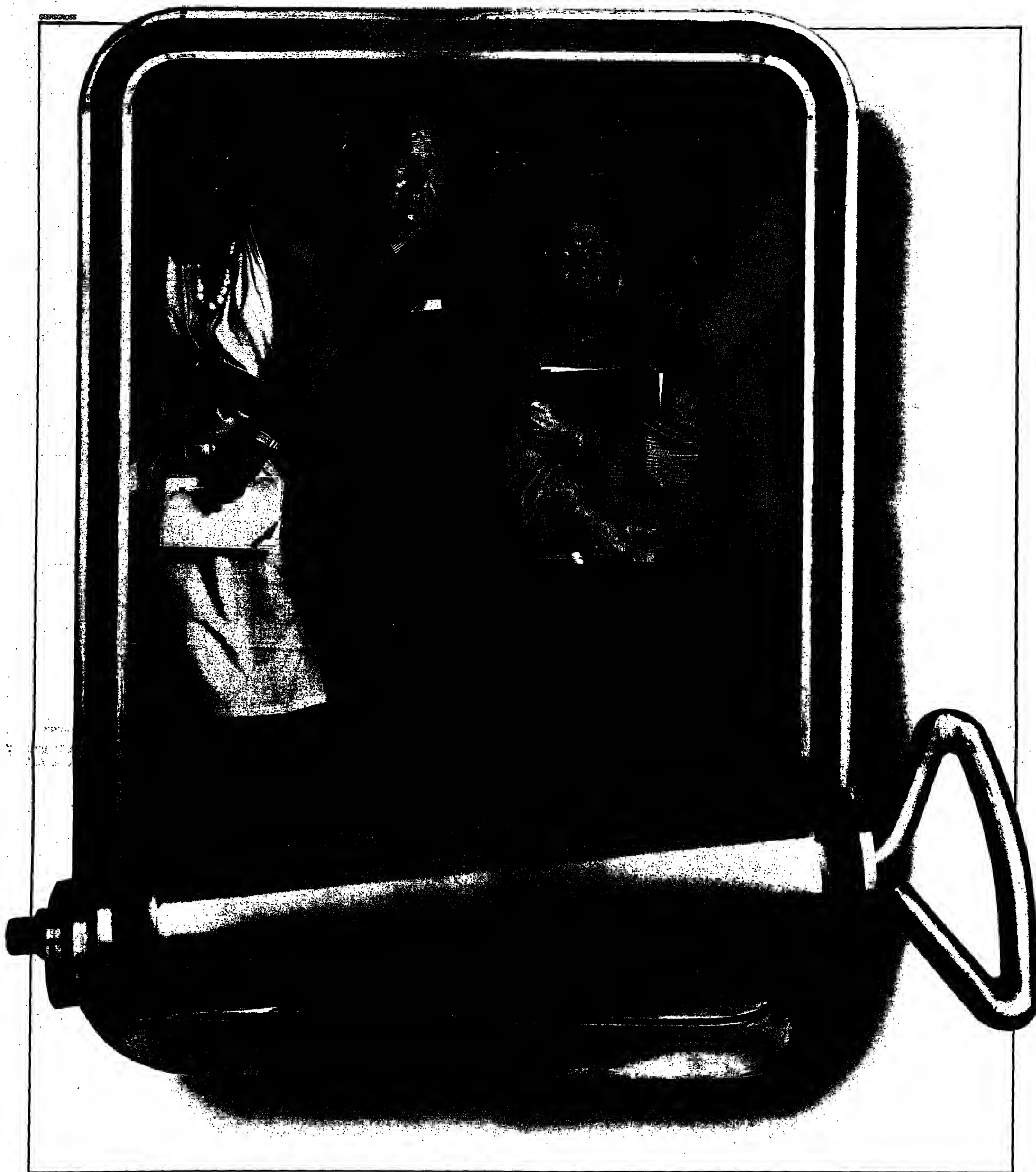
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FT REGIONAL REPORT

These two new towns in the North East fear the dissolution of their development corporation will not help their fight to contain a shrinking job market

Moving into an uncertain era

By Nick Garnett

WITHIN two and a half years, the management structure that has guided the recent economic fortunes of Aycliffe and Peterlee, two of the first post-War II new towns operating in the hard pressed industrial climate of the north-east, will have been broken up for good. Unless there is a change of mind by central government, the single development corporation, which was finally fused early this year from two separate corporations, is to be dissolved in March 1988 in line with Whitehall's policy for most other new towns. What might replace the development corporation is still in the melting pot.

The two new towns each have a population of about 25,000 and are separated by 15 miles of open Durham countryside. Along with the newer Washington New Town on Tyne-side, they were the principal focus for jobs growth over the past two decades. However, Peterlee has outperformed Aycliffe during the past decade in maintaining jobs.

Total industrial employment in the former has risen steadily from 3,900 in 1973 to 6,500 today. Aycliffe's, which stood at 9,000 in 1973, climbed to 10,800 in 1980 but has now fallen to little more than 8,000.

No one doubts that unemployment would have been much worse in the area without the efforts of the new towns. Even so, following travel to work boundary changes earlier this year, Peterlee (Sunderland travel to work area) and Aycliffe (Bishop Auckland TWA) have 22 per cent jobless rates.

Dissolution, the date for which was originally set for this year but subsequently postponed to 1988, will be put into effect while unemployment

remains acute. The Durham coalfield is still declining rapidly and the closure of British Rail Engineering at Shildon has created a new unemployment blackspot on Newton Aycliffe's doorstep.

That is why considerable local unease is expressed at what might replace what has been a one-stop shop promotional agency that has given this part of Durham a trout to the outside world.

Aycliffe was given new town status in 1946-47 essentially to provide housing and shopping facilities for the 15,000 people who worked at the town's big munitions factor. Mining still held sway in the area, the economic base of which was particularly fragile.

The development corporation was not responsible for industrial development. That was left to what is now English Estates until 1973 when this role was taken over by the development corporation's management.

Peterlee was also provided with a development corporation immediately after the war. Unlike Aycliffe with which it has shared chairmen but until two years ago not staff, it was expected to shoulder an economic role from the beginning. Specifically, this was to boost employment opportunities, especially for wives of coalminers. The coal industry was almost the sole employer after the war in this part of Durham.

This role for Peterlee was coupled with that of building houses and providing a new focus for retailing and recreation. Both development corporations therefore began with operation restrictions which hampered their work. Peterlee suffered a further problem in that two decades were needed to upgrade the main A19 north-south route near which Peterlee was built.

The 1983 Hailsham report, which laid the basis for a spurt of government investment in

the north-east, provided a highment, through virtual directives, stimulus to the new towns, even though they still had to contend with a number of drag factors. The development corporation complains, for example, that the unadjusted total of capital expenditure of £70m each on the two new towns since the middle 40s is less than one year's total for Milton Keynes.

Apart from the £140m of capital expenditure, the Department of the Environment has also injected about £25m to cover revenue shortfall. The development corporation currently earns about £3.5m a year from commercial property rents.

14,600 houses

More than 14,600 houses were built by the development corporations, split almost equally between the two new towns. Just over 1,000 in Aycliffe were sold before the housing stock was transferred to Sedgfield council in 1978. A little under 500 of those in Peterlee were sold before transfer to Easington council in the same year. This is a very substantial building programme and does not take into account private house-building on corporation land.

The local authorities, though, have also taken on a burden. Under the government's drive in the 1960s for faster house building and the encourage-

ment of the town's shopping core has been affected by an architectural design fault. It was built on two levels but shops on the upper level have proved difficult to let.

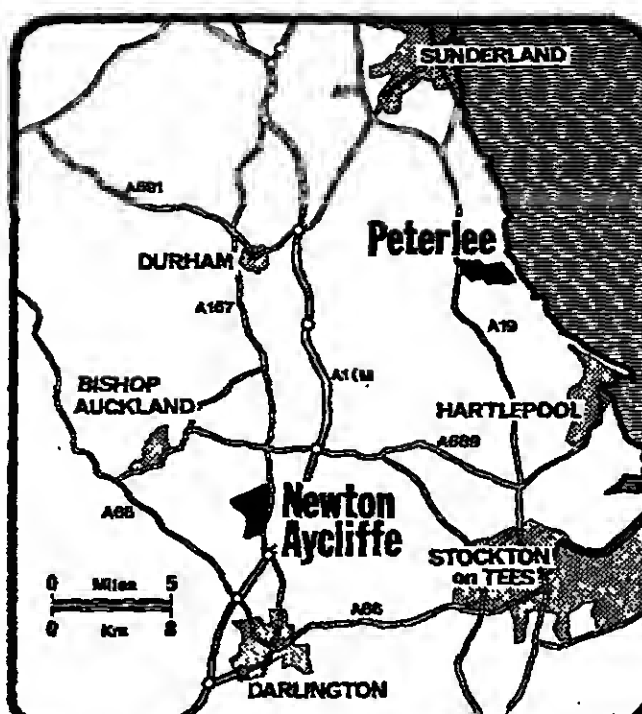
Inevitably the new towns have a bland quality which is not to everyone's taste but they are generally neat and tidy. Performance must be largely measured in terms of jobs, company relocations and startups. The good road system and the closeness of Teesside, Britain's third biggest port system in terms of cargo handling, has

helped to attract a wide range of companies, many big names in their industrial fields. Factory floorspace figures reveal big building programmes, particularly by English Estates. Aycliffe has 5.4m sq ft of which 4.8m is occupied by 155 companies. Peterlee has 8.3m sq ft of which 2.9m is occupied by 100 companies. In the past decade Aycliffe

AYCLIFFE AND PETERLEE



Pedestrians enjoy traffic-free shopping precincts in Aycliffe (left) and Peterlee



has run just to stand still, while Peterlee has steadily grown as an employment base. One reason for this discrepancy is the industrial profile of the two towns. Another is that Peterlee had special development area status from 1972-84 (now development area), while Aycliffe was development area only from 1972-80, was downgraded to intermediate for four years and is now a development area.

In the first two decades of its life Aycliffe got off to a good start in jobs growth, far outstripping Peterlee. It has suffered big contractions in the past five years, however, particularly in mechanical engineering. Closures have included Abex Engineered Products, Orzid Engineering and Fletcher Sutcliffe Wild.

Estons makes truck axles at Aycliffe but has cut its workforce from 1,200 in 1973 to less than 300. Other companies that have shed substantial labour include GEC, Flymo, Ariston Domestic Appliances and Under-ground Mining Machinery.

Peterlee has also suffered a rash of plant closures since 1973 but it has done much better than Aycliffe in terms of job preservation at sites which have survived, and in attracting new companies. The latter include NSK, DJB and Fisher-Price.

As a result of these changes Peterlee's industrial profile has markedly changed. Its employment base was dominated 13 years ago by textiles and clothing (80 per cent of industrial workers) and food, drink and tobacco (19 per cent). These sectors are mainly employers of women, reflecting the corporation's industrial role. Then 64 per cent of all employees were women.

Now Peterlee's engineering, vehicles and other manufacturing sectors account for 37 per cent of industrial employment (1 per cent in 1973) while textiles, still the highest employer, is down to 31 per cent.

The survival of jobs in Peterlee has been particularly helped by both its early history of clothing-related female employment, now a national growth sector, and the fortunate survival of most of its newer engineering jobs.

Outsiders with the benefit of hindsight criticise the new towns for not helping to foster more of a small business ethic. Mr Garry Philipson, Aycliffe and Peterlee's Development Corporation's managing director, says that the capital base was too low for this, and the climate when the new towns were growing was far different from what it is now.



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AYCLIFFE AND PETERLEE 2

INDUSTRY

Strategy switches
to small sites

THE CHALLENGES facing the Aycliffe and Peterlee development towns are considerable. For continued expansion they must compete against other development towns in Britain to attract new businesses, while weathering the depressed economic and industrial climates that are afflicting the north-east of England.

Fewer companies are interested in expanding within the region, and the towns must instead turn their attention ever wider for the new industries to fill the modern, vacant sites that dot the landscape.

Both areas, nevertheless, have sound records of achievement when measured against the region as a whole and against other similar development zones exposed to economic extremes.

The area's virtues in terms of geographic location and infrastructure have persuaded companies from Scandinavia, Japan, Italy, Switzerland, Hong Kong, and most recently Spain, to plough in funds and in many cases expand initial investments.

A large proportion of funds entering the area from domestic sources has been concentrated in the service and engineering sectors with the bulk employing less than 50 people. The authorities see this as an expanding area and for this reason have emphasised small site construction in overall development strategy.

Evening the playing field, which has grown in recent years, of the 155 companies in Aycliffe 123 employ fewer than 50 people and their total workforce is 1,168 while in Peterlee 75 of 95 employ fewer than 50 people and their total workforce is 649.

Change in profile

The next biggest sector employs between 51 and 100 people. In Aycliffe there are 15 such employers and in Peterlee nine, employing 1,105 and 663 staff respectively.

GEC is the largest employer in either area with its Aycliffe plant sustaining a workforce of 1,716. Peterlee possesses no plant with over 1,000 staff, and its five biggest sites employ a total of 3,454.

The most dramatic change in the area's industrial profile has been this growth in the engineering and service sectors which has served to fill the vacuum left by the decline in importance of the textile and clothing sectors.

In 1973 60 per cent of the Peterlee workforce was employed in textiles and clothing. The sharp slump in the industry's fortunes nationwide fell heavily on the area, and today, while still the largest sector, it employs only 31 per cent of the total workforce.

During the same period, the workforce employed in food, drink and tobacco has declined from 19 to 14 per cent, while employment in engineering has increased from 1 to 14 per cent. As a result of this decline in clothing and textiles, and the growth of engineering, the make-up of the workforce has altered to a point where male employment represents 48 per cent of the total, compared with 36 per cent in 1973.

These shifts in sector employment levels have gone on without an improvement in the total employment levels. Aycliffe, in fact, has registered a net decline in employment. According to the local authorities figures, the number of people employed has declined from 10,819 in March 1980 to 8,344 last March. Reflecting increasing redundancies in neighbouring coalfields and ancillary industries, unemployment in the area rose from 7 to 14.8 per cent in the five-year period. On the basis of the changed travel boundaries it stood at 22 per cent in June.

Unemployment

In Peterlee the total number of people employed edged ahead from 5,501 to 6,492 in the same period despite a doubling of the unemployment rate from 16.3 to 19.3 per cent. Under the new wider boundaries now in operation, the rate stands at 21.7 per cent.

However, as can be seen from these figures, employment levels in the two industrial estates have held relatively well against the tide of growing unemployment hitting the two towns.

Few of the British and international companies that have moved to the towns' industrial estates have chosen to make their head office sites. To date only one large group has made the decision to relocate its administrative centre as well as production to the areas, with the vast majority choosing to leave their home bases intact in London or other large regional centres.

According to one executive in the area many companies have relatively short-term objectives in the areas and wish to keep open the option to transfer to other centres of production should these become more economic.

Without this additional commitment to the areas, international companies particularly are more likely to curtail or cut back activities in Peterlee and Aycliffe earlier than in other areas of Britain where they have their head offices and manufacturing sites.

A problem which development authorities have overcome in attempting to lure business to the area is the fear on the part of investors that they may become embroiled in industrial disputes as unions wrestle with management to halt closures.

Though the majority of the workforce on the Aycliffe and Peterlee estates are unskilled, the number of hours lost through disputes is a fraction of national levels and, according to several companies which have introduced new technology, including robotics, implementation has met with little disruption.

Managers say that modern plant, equipment and facilities at the sites minimise friction on a day-to-day level, reducing the likelihood of confrontation over altered work practices. Management at most sites is considerably younger and more amenable to consultation with employees than in the large industrial plants elsewhere in the region which have closed in recent years.

International companies, particularly West German, Scandinavian and Japanese firms are

also using management techniques encouraging greater consultation with employees.

Wage and salary levels are lower than for equivalent jobs in the south of England and this has been an important factor in attracting business. Small companies choosing either Peterlee or Aycliffe as sites for expansion have found the wage levels an important factor in their decision.

A sample of wage and salary levels provided by the authorities is: works manager (£11,000-£17,000), accountant (£9,000-£14,000), process worker (£4,750-£5,250), typist receptionist (£4,000-£4,500).

Being only 15 miles apart, the industrial estates share good transport links both within Britain and to the Continent, which have been strong selling points since their inception.

The relative proximity to Scandinavia for access by sea and air has been important in attracting a high number of companies from the region and it is viewed as holding the potential for further investment from additional companies.

The Scandinavian companies already on site include Electro-lux, Norsk Hydro, Mustad and Son and Perstorp Farguson. There are daily flights to Stavanger and Copenhagen from Newcastle airport and Teesside offers daily flights to Stavanger. Stavanger is one hour 15 minutes flying time away and Copenhagen one hour 30 minutes away. Other European destinations served by the airports are Paris, Amsterdam, Bergen, Düsseldorf and Dublin, with the maximum flying time to any of these one hour 30 minutes.

Aycliffe and Peterlee are located within easy reach of the ports at Teesside, Hartlepool, Sunderland, Seaham and Tyne. There are frequent container and conventional mixed cargo services including roll-on roll-off facilities available to major EEC ports and Scandinavia.

While both estates have good road connections to motorways going north and south, their distance from southern population centres places them at a disadvantage over other industrial centres which they are competing to attract new capital.

By road the estates are approximately seven hours 15 minutes away from London, six hours 30 minutes from Glasgow, five hours from Birmingham, four hours 30 minutes from Liverpool and four hours from Manchester for heavy goods vehicles.

The main station serving Peterlee is 12 miles away at Durham and inter-city trains to London can take as little as three hours. Aycliffe's closest major station is at Darlington and the fastest train to London takes slightly over two hours 30 minutes.

Aycliffe's rail freight services centre at Stockton on Tees which is approximately 15 miles away and from here connections can be made with all parts of the UK and Europe.

Ray Bashford

PROFILE: FLYMO

Expansion
through
robots

WHILE BRITAIN has been lamenting its lost summer, a company in the Aycliffe industrial estate has been counting it as a blessing as sales blossom.

Flymo, a subsidiary of the Swedish Electrolux group, expects sales this year to advance by 11 per cent as the company strengthens its grip on a major share of the European lawnmower market.

The company's general performance is tied closely to the vagaries of the weather and near record rainfall figures this summer over most of Europe have come as a much needed boost.

The sales growth should push the total figure through the £1m level for the first time and allow it to improve on the break even profit performance of the previous financial year.

Flymo operates as an integrated part of one of the areas most sophisticated manufacturing plants. The bodies for the lawnmowers are produced on plastics extrusion equipment which also turns out most of the plastic components for Electrolux's range of vacuum cleaner appliances.

However, the Electrolux plant at Luton remains the company's major manufacturing and assembly site for vacuum cleaners and home appliances in Britain, with Aycliffe further contributing as a parts storage area.

A feature of the company's development in Aycliffe has been the introduction of 32 robots which operate in parts manufacturing, assembly and packaging processes.

In 1982, the company won a Queen's award for manufacturing technology for its use of robotics, a year after an award for exports as recognition of Flymo's achievement in overseas sales.

Despite the introduction of robots the group has progressively increased its workforce since the plant was established in 1964 from 200 to today's figure of 630, although there are no immediate plans to expand as the company has reached what executives call "a plateau of productivity."

The acquisition of Flymo in 1968 gave the impetus to the plant's fastest period of growth. Since 1975 the plant's space has doubled to 100,000 square feet.

The plant is also used for research and development projects and executives estimate that 2.5 per cent of annual gross turnover is employed for this purpose.

The plant of course also draws heavily on Electrolux's manufacturing innovations. Executives say the introduction of robotics and their subsequent use has been achieved with a minimum of industrial unrest. The plant follows the Electrolux policy of maintaining close liaison with staff on changes in the work environment and attributes this as well as modern working conditions as being responsible for the excellent industrial relations.

R. B.



Assembling and packing Flymo lawnmowers

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PROFILE: FISHER PRICE

Around-the-clock
production

THE DECISION by Fisher Price, the pre-school toy manufacturing subsidiary of the big Quaker Oats group of Chicago, to establish a plant in Peterlee was an important breakthrough for the area as a whole.

Its plans, as presented in 1978, made it potentially one of the biggest employers and left the way open for substantial expansion. The timing of the move was also important as it came during a period of mixed success in attracting business.

Fisher Price began producing its range of plastic toys for children up to the age of five years at the site in June 1978, using a floor space of 50,000 sq ft. Its expansion since then has been one of the most rapid in the area in terms of space and employees.

Using production techniques largely imported and adapted from its large production facilities in the U.S., the company now employs more than 300 people and operates on a floor space of 250,000 sq ft with the question of further expansion of space and staff under consideration.

The Peterlee site has become the company's main European manufacturing facilities, ahead of a second plant in Belgium, and this lead over the Belgium plant will increase if further development is undertaken.

According to Mr John Armstrong, the group's operating director of European business,

£70m of Fisher Price's total net sales of £500m last year were from European operations.

From the plant the group exports to every Western European market with France and Spain growing in importance as sales areas. It also holds an important slice of the British market for its range of products. In choosing Peterlee as the site a firm of independent investigators felt it had advantages over several other possible locations in Britain and Europe.

One of the most important factors in the decision was the availability and cost of labour, while the financial package put together by development authorities held advantages over others competing for the business.

The geographic location of the site, however, proved an initial problem due to the bulky nature of the material used in some of the toys in its range. This has become less difficult because of alterations in transport methods.

The Fisher Price plant is one of the few in either town that works 24 hours, seven days a week.

Mr Armstrong, who has held senior management posts in Britain and the U.S., speaks highly of industrial relations at the plant and says that he has never experienced better co-operation from staff and employees. This he attributes to the introduction of modern work practices and equipment.

R. B.

HOUSING

Drive to widen
property range

SEVERAL PRIVATE housing projects under way near the towns of Peterlee and Aycliffe should help to increase the range of homes available in the area and activate an almost static property market.

The new houses vary widely in design, in contrast to those on council estates, and differ correspondingly in price and location of the sites.

They feature "executive" level houses, satisfying an increasing demand as companies in the industrial estates attempt to lure more senior staff.

The lack of sufficient high quality housing was cited by several companies as adding to their problems in recruiting experienced middle and senior management, no matter how attractive the financial package they were offering.

With housing prices in the towns at a virtual standstill, and the turnover of property very slow, a prospective employee moving to the area often doubted the wisdom of an investment in a house and therefore became less inclined to re-locate.

Woodham Village in Aycliffe is serving as a model for the area, taking advantage of the area's natural beauty through its location alongside a golf course and equestrian area.

At the top end of the market Poco Homes is offering four-bedroom detached houses for between £22,995 and £23,995 while two-bedroom town houses and three-bedroom town houses are on the market for between £19,850 and £20,750.

Housing developments in Peterlee also feature "executive" accommodation and are located on the fringes of the towns, adjoining nature reserves. The Oakside Park development which includes

project built houses as well as plots for individually designed houses should provide 1,000 new private dwellings by 1987.

Most of the public sector housing estates were constructed in the 1950s to replace dwellings from the previous century. The areas surrounding the estates are well maintained and landscaped. Severe structural problems have developed, however, with many needing major remedial work. A large proportion of these dwellings have flat tops and water penetration has forced large scale work to replace the roofs.

However, despite this problem, and the state of the property market generally, 38 per cent of Aycliffe's 8,800 dwellings are owner occupied while in Peterlee there is a 30 per cent ownership rate of the 8,300 dwellings. These figures have grown in recent years as occupants have responded to the present Government's incentives for people to buy council houses.

An ex-council house has a market price of about £15,000 while a semi-detached house in either town has a base level of around £22,500 and a detached house has a going rate of £31,500.

Looking further afield there is more attractive housing available in surrounding villages and neighbouring towns, such as Durham, which has seen an unexpected acceleration in property prices particularly near the centre of town.

To support the development of industry in the area there is a business school and a centre for material science and technology which is collaborating with industry to deal with problems facing the north east region as a whole.

R. B.

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HYDRO

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S. G. WARBURG & CO. LTD., announces that Bonds for the nominal amount of £30,500 have been drawn for the semi-annual redemption instalment due 1st October, 1985.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:-

£1,000 Bonds									
8544	8540	8565	8568	8718	8766	8829	8853	8965	8907
8941	8962	8977	9039	9075	9116				

On the 1st October, 1985, assumed Bonds will become payable at the new par value of £174 for each £100 nominal, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD.,
Bond Department, 33 King William Street,
London, EC4R 9AS

Interest will cease to accrue on the Bonds called for redemption on and after 1st October, 1985, and Bonds presented for payment must have attached all coupons maturing after that date.

£51,800 nominal Bonds will remain outstanding after 1st October, 1985.

The following Bonds drawn for redemption on the dates stated below have not yet been presented for payment:-

1st April, 1985									
£500 Bonds	7320	7342	7403	7425	7555	7699	7764	8040	
	8081	8147	8213	8487					
1st October, 1984									
£100 Bonds	2471	3783							
£500 Bonds	8184	8337	8471						
1st April, 1984									
£100 Bonds	735	3067	3495	5804					
£500 Bonds	8172								
1st October, 1983									
£100 Bonds	1339	1760	2297	3277	3894	4038	6122	6214	
£500 Bonds	7596								
1st April, 1983									
£100 Bonds	2237	3513	4105	4315	5799	6545	6686		
£1,000 Bonds	8638								
1st October, 1982									
£100 Bonds	1931	5523	5974						
1st April, 1982									
£100 Bonds	1177	3424	3895	4905					
£500 Bonds	7958								
£1,000 Bonds	8761								
1st October, 1981									
£100 Bonds	2236	3432	4229	5061					
1st April, 1981									
£100 Bonds	10	1929	3288	3676	3729	4581	5826		
1st October, 1980									
£100 Bonds	2422	3318	3484	3884	4314	4388	4742	4767	
£500 Bonds	5976	8123	8489	8687	8981				
1st April, 1980									
£100 Bonds	2500	2733							
1st October, 1979									
£100 Bonds	3117	3489	4503	4624	4887	4954			
1st April, 1978									
£100 Bonds	4830								
1st April, 1977									
£100 Bonds	4316								
1st October, 1975									
£100 Bonds	2734								

33 King William Street, London, EC4R 9AS

19th September, 1985

INDUSTRIAL FASTENERS

William Dullforce on the growth of a Liechtenstein family concern

Hilti drills out bigger market niche

HILTI is a name which adds a solid industrial dimension to the tax haven-cum-Ruritania image of Liechtenstein. From the 160 sq km principality squeezed between Switzerland and Austria, it runs a SwFr 1.5bn (\$890m) business in 80 countries, supplying drilling machines and fastenings to the building industry.

The international leader in fastening systems, Hilti was set back on its heels by the recession in world construction at the beginning of the decade. Earlier in 1976-78 it had enjoyed an average growth of 20 per cent in annual sales but in 1982 group turnover, up by only 1.7 per cent, fell in real terms by 15.4 per cent to just under SwFr 1.5bn. Hilti Corp's net earnings climbed by 39 per cent to SwFr 32.5m and cash flow swelled by 32 per cent to SwFr 86.5m.

An energetic response to the situation included a top management shake-up, a revitalising of the marketing apparatus, the introduction of a logistics system to improve material flows, investment in computer-aided production techniques, and a search for new sales areas.

Last year these efforts started to pay off. Consolidated sales grew by 15.4 per cent to just under SwFr 1.5bn. Hilti Corp's net earnings climbed by 39 per cent to SwFr 32.5m and cash flow swelled by 32 per cent to SwFr 86.5m.

The growth in sales stemmed partly from the strength of the dollar, but with the construction industry still wallowing in depression, it also indicated that Hilti had managed to elbow its way to a larger market share.

A family-owned concern, Hilti does not issue a consolidated report but the balance sheet and profit-and-loss account published by Hilti Corporation of Schaan, Liechtenstein, which cover the production plant at Thüringen, Austria, reflect an impressive financial strength, reinforced by last year's operations.

The new logistics system helped to reduce funds tied up in inventories substantially. Liquid funds increased by SwFr 42m to SwFr 193m, opening the way for the early payment this year of SwFr 65m in notes taken up in 1981 and 1982 at 6.75 per cent interest.

The improvement in net earnings was realised in spite of increased spending on research and development, promotion costs for new products and a 30 per cent rise in depreciation

provisions. At the end of the year shareholders' equity, boosted by SwFr 161m in "extraordinary reserves," equalled almost half the balance sheet total of SwFr 654m.

The "niche" in which Hilti is a giant is in supplying building and civil engineering companies with sophisticated tools for driving with explosive power pins, studs and other fasteners into steel or concrete. The company started as a five-man workshop at Schaan in 1941. Mr Martin Hilti, its founder and now, at 70, still

The biggest single-country market is the U.S. The "western hemisphere," which means mostly the U.S. and Canada, generates 35 per cent of sales. Europe provides 45 per cent, including 14 per cent from West Germany, and the remainder 20 per cent comes from the Middle and Far East.

The Liechtenstein concern's main competitors are Bosch and AEG from West Germany, Makita and Hitachi from Japan and Ramset of the U.S. Hilti believes it possesses two big advantages. First, it offers

customers. About half the force are salesmen, the rest being technicians providing the maintenance and other back-up and office staff.

The ability to manage this large sales force is one of the keys to Hilti's future performance. As Mr Wolf-Dietrich Stoff, the director responsible for the Pacific, Middle and Far East, explains, it can be used flexibly. It can be used as an instrument for balancing return on investment against the drive for market share country by country.

In 1981-83 when productivity was slipping and costs were getting out of hand, the emphasis was on return on investment and some managers, who did not understand the message, had to be moved. In Singapore, on the other hand, where the construction industry took a sudden dive, Hilti let return on investment slip for a while and concentrated on improving its market share while waiting for the market to recover.

Hilti has been looking for new areas in which to exploit its technology while the construction industry remains stuck in the doldrums. Its salesmen have taken greater interest in the maintenance and renovation of old buildings; nuclear power stations have provided new business; and the requirements of the transport business are being assessed. In June Hilti took control of the Schmidlin company in Switzerland, which specialises in cladding for building facades and has a subsidiary in Britain.

Mr Michael Hilti, the chairman's elder son who took charge of production throughout the group this year, says investment in manufacturing equipment, mainly in automation, will rise by 20 per cent this year. Spending on research and development is scheduled to go up at a similar pace in SwFr 43m.

The policy changes and the strengthening of the production and marketing apparatus at Hilti are coinciding with a generation shift at the top. Mr Martin Hilti as chairman is still in the driving seat but responsibility is being moved to his sons and others in the new seven-man management committee.

It has been suggested that Hilti may go public. Mr Hilti concedes that this might become necessary when sales exceed SwFr 2bn but the family would retain control. The initial offer would be of non-voting shares.



Mr Martin Hilti (left), the company's founder and driving force, and an electropneumatic rotary hammer drill in action

executive chairman and the company's driving force, set it on the growth path in the early 1950s by redesigning the high-velocity tools then used. A piston was introduced to transmit the power from the fired cartridge to the fastener and to allow excess power to be absorbed inside the tool.

Today, in addition to a variety of direct-fastening tools, Hilti's range covers electropneumatic drills, heavy-duty "anchors" with holding powers of up to 40 tons, and adhesive mortars.

It operates nine production plants, of which three are in West Germany, two in the U.S. and one in Britain. It has research and development centres in Germany, the U.S. and Japan as well as a large technical centre at Schaan. It employs worldwide 8,500 people—a decline of 1,100 from the peak reached in 1981.

"systems" embracing drills, bits, fastening elements and installation materials. Second, it has a direct selling organisation which gives it a unique rapport with customers.

It is these two strengths, in addition to cost-cutting and productivity-boosting investment, that Hilti has sought to exploit in fighting its way out of recession.

The systems approach, offering a complete package with software back-up, creates a high barrier to market entry for competitors who supply only the tools, drilling bits and fasteners. Hilti's Japanese competitors, Mr Hilti points out, are good at producing in large volumes but weak at meeting the particular requirements of customers.

The Hilti management's proud boast is that its 5,000-strong marketing force makes 25,000 contacts a day with

FT

FINANCIAL TIMES
CONFERENCES

Fourth Retail Banking Conference

The Economics of
Financial Services
16 & 17 October 1985

This conference is to be chaired by Mr James Larvin of American Express and Mr Anthony Greaves of HSBC, who will also be giving papers.

Other speakers will include:

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Domestic Banking
The Royal Bank of Canada

Mr T A Green
Business Development Division
National Westminster Bank PLC

Dr Wolf von
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DG Bank

Mr John C Elliott
MasterCard International Inc

Mr Peter Birch
Abbey National Building Society

Mr Charles M Winter
The Royal Bank of Scotland
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Dr Hans Voegeli
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Mr Christopher D Ball
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TECHNOLOGY

New Istel company to advise Jaguar

ISTEL, British Leyland's information systems subsidiary, has launched a company called Istel Automation to exploit the new market in computer integrated manufacturing (CIM), which is expected to grow rapidly over the next few years.

The Redditch-based company immediately announced it will be advising Jaguar Cars on CIM strategy for systems to be installed over the next five years. It has already worked for Deep Sea Seals on projects for the diesel mainshaft of propeller shaft seals weighing more than two tons. It has also advised Ingersoll Rand and Control Data Corporation.

CIM is the rational outcome of the growing use of computer control which, so far, has been applied on a piecemeal basis to tools, robots, programmable controllers and similar systems. The idea of CIM is that the computers controlling these systems should be able to "talk" to each other to produce larger areas of integrated working and, ultimately, a whole production unit.

Mr John Leighfield, chairman of Istel, believes that with a strong background in data communications and networks, the company is well placed to implement CIM. Future projects will be based in many cases on the General Motors manufacturing automation protocol (MAP), for which Istel has just declared its full support. MAP defines ways of making disparate systems work together and is based on international standards.

More on Redditch (0527) 20712.

Banking on a better network

Banks worldwide are preparing to switch to an advanced version of the electronic message system which speeds their transactions, reports Siobhan Haney

THE WORLD'S banks are preparing to take a giant step within 12 months into the most advanced form of computer networking. On June 2, 1986—for banks in Europe, or any rate—the electronic message system run by the Society for Worldwide Interbank Financial Telecommunications (Swift) will give way to a new and advanced network, called Swift II.

In 1987, banks in the Far East will similarly "cut-over" to the network, to be followed in 1988 by Australasia and Latin America.

Swift, established in 1973 by 239 banks in 15 countries as a non-profit, bank-owned co-operative organisation, is dedicated to meeting a number of specific service needs relating to inter-bank financial transactions.

Using clearly defined standards and formats, it provides

a "common language" through which the banks communicate clearly and unambiguously. But in the 12 years since Swift was established, computer and telecommunications technology have moved on dramatically and further development of Swift I would have meant increasing complexity and the possibility that instability might be introduced.

Delegates to Swift's eighth annual conference in Brighton this month were told that the Swift II network would incorporate advanced data processing and telecommunications technologies. Its new architecture would be based on decentralised, modular processing units.

Users would benefit from far more flexible applications, on-line retrieval facilities, more comprehensive sender and receiver priority control, increased speed and throughput, and better security and audit features. Some of these enhanced services would be available to user banks as soon as Swift II becomes operational, although this will depend on upgrading the user interface systems.

Swift II's architecture is designed to allow handling of an

initial 1m transactions a day. Future capacity increases will be modular in character and will not require any architectural modifications.

During the conversion period, all Swift II services will be available to users equipped with Swift II terminals. A compatibility period will be provided so users can prepare themselves and test the new terminals, and for that period Swift I equipment will be able to connect to the Swift II system. Swift I and Swift II services will coexist during changeover, although some operational limitations will be imposed on Swift I terminals.

To complement the switch from Swift I to Swift II, Swift has launched a range of user terminals, the ST400 series (the existing ST200 and ST500 will be provided with Swift II interfaces). ST400 will act as a Swift II interface for medium to large volume banks, which require not only message transmission facilities but also processing power for banking application packages. The terminals will be capable of transmitting and receiving thousands of messages on the Swift network as well as other networks, such as the high City clearing systems, Chips, Chaps and Padwire.

During peak hours, traffic handling and processing capability allow for concentrated operations at certain times of the day and the heavier volumes commonly experienced after bank holiday periods. The ST400 also marks Swift's departure from Burroughs equipment, which is used in the ST100, ST200 and ST500 ranges; the ST400 operates on Digital Vax computers.

Once again, the conference relegated two important policy issues to the backburners: should non-bank financial institutions be allowed to join Swift, and should direct interfaces be allowed between Swift and third party networks such as Geisico and ADP?

M. Alain Delos, a Swift executive committee member, alluded to the first problem in his opening speech. "First January saw the launch, by BP

of its own in-house bank, following the example set by Volvo and ICI," he said. "Let me immediately reassure you that I do not intend to raise the questions of whether or not these institutions should become members of Swift."

It seems increasingly unlikely that non-banks will ever be allowed to join. Swift undoubtedly believes that its member banks should use the network as a competitive tool against institutions which are moving into traditional banking areas with market deregulation.

On the second issue, Swift views other networks (including those operated by its member banks) as rivals. Swift has grown like Topsy. There are now 1,237 member banks in 54 member countries.

Siobhan Haney writes on technology for the Banker.

THE GROWTH OF SWIFT

	Average daily traffic volumes	Cumulative traffic volumes (millions)	Revenues (billion Belgian francs)
1978	121,000	24.7	—
1979	164,000	59.3	1,631
1980	218,000	104.5	1,876
1981	285,000	149.1	1,753
1982	344,000	248.6	2,512
1983	480,000	400.1	2,823
1984	564,000	529.9	3,906
1985 (estimate)	650,000	680.0	—

Source: Swift

MESSAGE FLOW		
Area	Outgoing Messages	Ingoing Messages
Europe	92,266,000	87,204,000
North America	24,626,000	25,505,000
South America	1,418,000	1,487,000
Asia / Pacific	9,201,000	8,877,000

Source: Swift

The bleeper comes of age

RADIO PAGING is breaking loose from the central "block box" control system. To replace it, Multitone, the big UK radiopaging equipment maker, has developed a local area network which allows various pieces of equipment performing different functions to be connected wherever they are needed in an office, factory or hospital.

Originally, in-house radiopaging simply enabled staff on a site to be alerted by a pocket "bleeper" to the fact that an internal or external call was waiting for them at the nearest telephone. The telephone operator had the central transmitter/receiver unit to hand and keyed in the appropriate bleeper's number.

But over the years, Multitone and others have added extra functions. In hospitals, for example, "panic buttons" can be pressed in medical emergencies to "bleep" the appropriate doctors. Security sensors can

be similarly connected back to the central unit, and a paging system might have to accommodate direct bleeping of the personal units from a PABX extension.

Multitone realised that these and other useful features could be added if all the inputs and outputs were connected, regardless of location, using a single cable.

This is the approach taken in the company's new Access 3000 system, which uses a digital data highway or local area network to bring the various items together over a single cable up to one kilometre long.

Now, all the equipment can be placed where it is needed—telephone inputs near the phone exchange, manual control units at receptionists' desks or security gates, and modules for emergency inputs from, say, patient monitoring systems, near the bed.

All the units, including the radio transmitters and receivers,

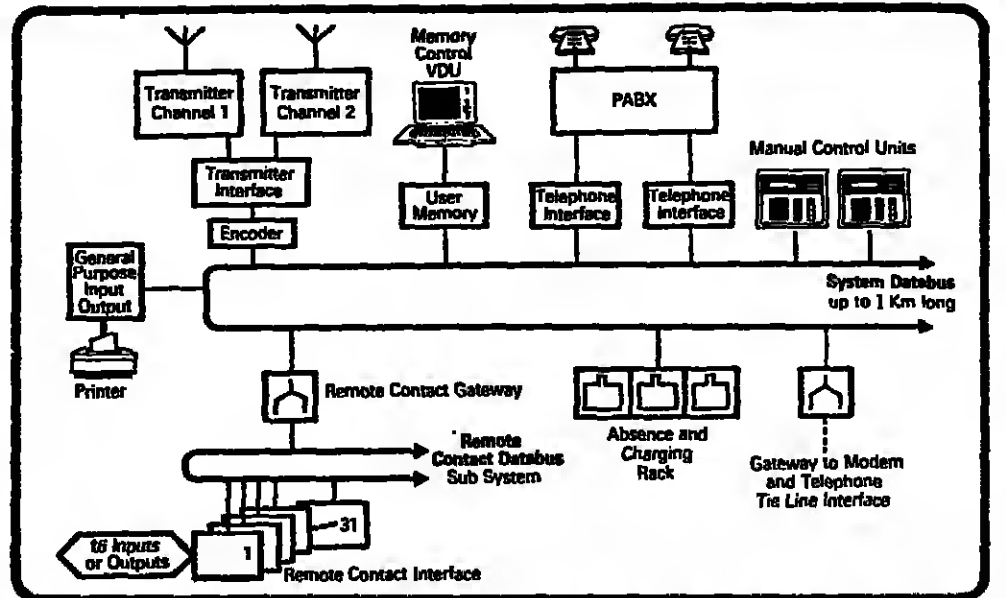
are microprocessor-controlled and communicate over a data cable operating at 19,200 bits a second. The cable also carries speech in both directions.

The intelligence available in the system enables it to accommodate older Multitone pagers; existing systems can be updated by adding new pagers. Paging message formats recommended by CCITT, the international standards body, can be used.

This degree of flexibility results from a memory, also connected to the local area network which keeps details of all the pagers on the system and issues instructions accordingly.

Future facilities being planned include a call-logging printer, a charging rack for bleeper batteries which will tell the system when the pager is on charge and so not in use, and interconnection of paging systems on different sites by ET lines. Multitone is on 01-253 7611.

GEOFFREY CHARLISH



Multitone uses a local area network (LAN) in the Access 3000 paging system. The expense and inconvenience of wiring the various base station components to a central control unit is removed. Items like a company's telephone exchange, manual control units, emergency buttons and the central radio transmitter/receiver can be optimally placed and connected with a single cable. Microprocessors allow the system to know the pager type it is talking to with the help of a system memory also connected to the LAN.

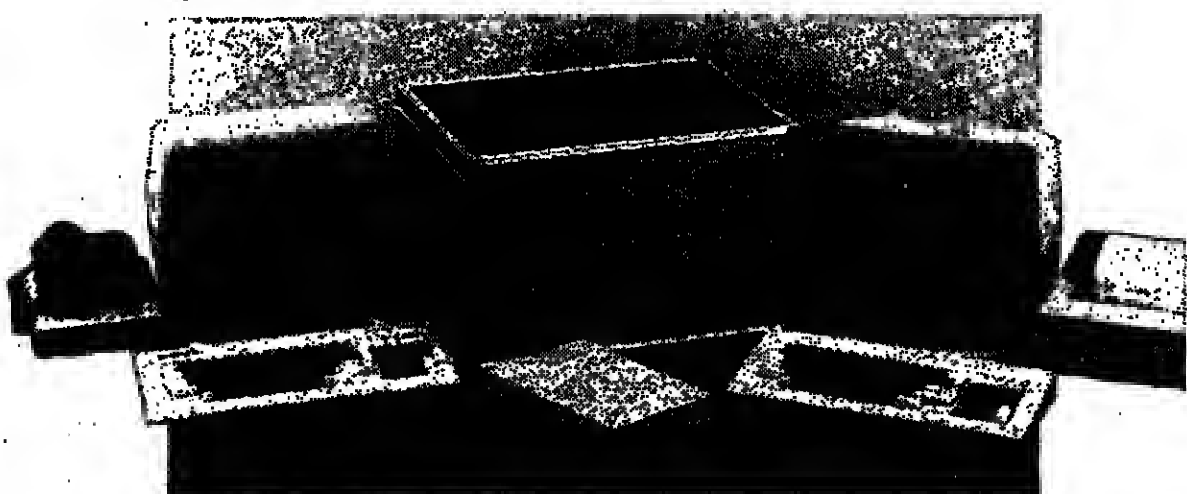
Unauthorised access to even the most sophisticated computer system might result in mere loss of corporate face but it is increasingly leading to loss of assets, fraud and destruction or alteration of data.

is your computer TOO user-friendly?

DATA SECURITY — TODAY'S MANAGEMENT PROBLEM

Moreover, the Data Protection Act, now in force, puts a new onus on data users and computer bureaux to prevent illegal entry and disclosure of information.

The Horatius Data Security System, designed and developed by Dowty, a world leader in data communications, provides effective protection for computer systems with remote terminals connected over the public telephone network.



Horatius is a sophisticated access controller which quite simply prevents system entry by any unauthorised persons. Only users with a terminal connected to a telephone number corresponding to their password and stored in the Horatius memory, will be "dialled-back" with further instructions. Designated time windows and password validation systems add a further measure of security.

The Horatius computer can handle from 8 to 54 telephone lines, with capacity for 200 to 1200 users and an optional printer will log all call information.

Completely system independent, Horatius is installed without inconvenience and comes with a two-year warranty.

HORATIUS

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Drawing the party line?

Chris Parkes
reports on the
UK brewer's
plans to exploit
its name with a
variety of
merchandising
initiatives

range has been revamped, the Guinness trademark prominent on every spine. The new-look Guinness Book of Records promotes the Record Breakers Club, aimed at youngsters.

identity. "Guinness Plc is striving for the image of an up-market, high quality business operation," he says.

Almost a case of a brand in search of a product.

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THE ARTS

Galleries/William Packer

The age of discardment

When the Boilerhouse Project comes to the end of its tenure of the basement of the Victoria and Albert its overall achievement thus far, before ever it is translated and magnified into the proposed Museum of Design in the docks, is sure to be counted as rather more than the sum of its parts, adding up indeed to something substantial and significant. For time and again Stephen Bayley, its director, has teased and entertained and maddened us by the apparent triviality or affectation of his programme, and yet we come back for more, ever agog, to go away amused and intrigued.

His latest show, *The Bag* (until October 3), is entirely typical, besides being in sort a code or postscript to its immediate predecessor, which sought to demonstrate how national characteristics may be discerned in product design. Now, in his words, "more than 300 outstanding carrier bags from London, Paris, New York, Milan and Tokyo" have been strung up en masse simply to see what, if anything, such epiphanies say about themselves as objects, and about the cultures which produce them so unselfconsciously.

They do not in fact say much in terms of national difference, which in itself is interesting enough a result. New York may be graphically more mannered, Paris more decorative, London more matter-of-fact, but that is the point of the show, which is the point of the Boilerhouse itself, is that even at this mundane, commonplace, throw-away-level, design is a live and important issue, and that always good design is to be cherished against the bad, the insidious and thoughtless effect it has on all our lives.

The same point is made, among many others and with rather more over seriousness, by the photographic show at the Arts Council's Serpentine Gallery (until September 29). An-



"Another Country: Scotswood Road, Newcastle 1978"

other Country is the work of Chris Killip and Graham Smith, who took as their subject the areas of urban deprivation in the North East of England, and the people who live in them; and indeed it is the visual quite as much as the material poverty they discover, littered, defaced and desolate, that strikes one like a blow.

Killip and Smith clearly are photographers of great skill and sophistication, and many of the images to come out of their joint enterprise (they do not declare themselves individually in the hang) are truly memorable, strong and sure in composition and finely judged in mood and emphasis and moment. There is behind it all, however, a disquieting sense of over-direction in the response intended that amounts to a special pleading, as though a final confidence in the inherent strength of the work is lacking. The industrial landscape, and the accidents, pleasures and sadnesses of working class life,

have supplied photographers enough in the past, after all, but none of it is peculiar to the North East, least of all any out-and-out deprivation. The best work here is the most straightforward and the least particular, it is, in my recent experience, in its social resonance and dignity, and one would rather look to the critical, ironical distance of a Bill Brandt, for example, to make the point.

There is more photography, or rather photographic work, as subtle and ambiguous in its implications as one would wish, on show in the gallery at Canada House (until October 8). Visual Facts is the consciously ironical title which Michael Tooby, of the Graves Art Gallery, in Sheffield, has given his selection from the work of eight contemporary Canadian artists. Sorel Cohen,

in a piece made up of several panels, has easily made it exactly to herself for her own self-portrait, now here, now there, and is the painting, a photograph, and how can that be? Paul Wong looked out of his window one morning to find a body, lately dead, lying in the road below, and worked in sequence first from above and then outside as the incident developed, the body first dusted with snow, then shrouded, recorded, discarded and removed. But was it just like that, and be with the presence of mind to be in two places at once, and the whole macabre tableau entirely natural and unplanned?

At the AIZ Gallery, in Rosebery Avenue (until October 6), Eric Bainbridge, a young sculptor who has already shown in Milan and New York, is holding his first exhibition in London. This latest work consists of large, surreal, lumpen objects, as they might be elements in a bizarre still life or fragments of some tumbled colossus, but all indifferently covered in mock velvet fur. A sweater, a dinosaur, a foot — look on my works ye mighty and despair. The surrealist charge is indeed very strong and true, and as the work develops in more formal terms, away from the easy rission to be had by mere imagery alone, so it is likely to get stronger.

Anish Kapoor, at the Lison Gallery in Bell Street (until September 23 only), is rather more the London veteran, young as he is. And the work is familiar, too, very much so, has been slow and circumspect, and still the sculpture relies for its immediate impact upon the physical intensity and purity of the formal development with which the surfaces are dressed. That is not to say it is an easy formal solution, but it can become so. The images themselves are simple, the implications are subtle, and the work is in the end a triumph of subtlety and richness of its intonation, the peer of any in the world.

Giuseppe Sinopoli, who conducted, has obviously thought a little more carefully about the directions, and all the other hits in-between, the very thread and texture of the music, can look after themselves.

The death last week of Isobel Jones in her thirties recalled her stylish grande dame in one of the most stylish musical films of the fifties, the Lerner and Loewe version of Colette's fable about the innocent who wins the heart of a roué.

Originally conceived for the cinema, an adaptation arrived on the Broadway stage in 1973 and now receives its London premiere. The film's elegance and tongue-in-cheek Gallic froth has evaporated in what emerges as a coarse-grained production of a coarse-grained show whose fatal uncertainty of focus is illustrated by Jocelyn Herbert's schizophrenic designs. Elegant guises flown against the back brick wall of a theatre to acknowledge the piece's artifice reveal the sophisticated stylised approach of Jocelyn Dekyll. Claude acts for Mame's (with its cast crockery and cruet) and the Catalan Restaurant, and a perfectly hideous lawyer's office that would disgrace a weekly seaside rep bespeak Herbert Hyde.

The production by John Dexter, no less, is equally unsure. The curtain rises on a false promise of a show whose like unpaired papier-mâché crowned with Art Nouveau tendrils as tapiriously exiguous as Jean-Pierre Aménot's sprechstimme delivery of "Paris is Paris" (except, evidently, when it's Shaftesbury Avenue). Mr Aménot looks fairly weary, which is acceptable in French, which is not. Unless borne on

the crest of a wave of absolute stylistic confidence, the songs can emerge as pretty thin stuff. "Thank heaven for little girls" comes out as a mixture of the pawky and the twee. Rhyme like "Yes, I knew Mamma, I knew every centimetre," and "She's so sweet, she's so pure, for the deca-

dent amour" offer no compulsion to Sondheim.

The result of directorial decision can be detected in comic stick-on eyebrows and distracting enmeshment of extras whose energetic nudging recalls the village ball. "She's so oo-la-la, so untrue la-la," sings the hero pouring cham-

pagne down a squealing lady's cleavage. This is the very stuff of sophistication.

The individual performances provide the production's saving graces. Foremost among them is Beryl Reid whose bawdy, her persona is both funnier and more touching than the Ginkoid grotesquerie of the film. Miss Reid's cheerful apprehensiveness, not least when she gropes for the next line, marks the eternally optimistic and the eternally surprised. She can make observations like "Alma was never conquered—she was annexed" sound witty; and can without exaggerating infect "how exciting!" with delicious irony.

Sian Phillips, as the former grande horizontale who undertakes her great-uncle's education as a courtier, suffers from the sanitised role's abridgement. She looks stately and greedy, but never resembles a successful courtesan. The omission of all sense of Gigi's socio-sexual grooming gives Amanda Waring precious little opportunity to develop her character.

This is a shame since Miss Waring is not only a beautiful younger version of her mother, Dorothy Tutin, but obviously has spirit, intelligence and confidence. She sings with a pretty if small voice, but is deprived of one of the film's most charming numbers, "I say a prayer for you tonight." If the part were not so negligible she would prove a worthy partner for Geoffrey Burridge's breezy Gaston.



Geoffrey Burridge and Amanda Waring

Giuseppe Sinopoli/Festival Hall

Dominic Gill

The Philharmonia were on superior form for their performance on Tuesday evening of Mahler's second symphony—the orchestral playing, as orchestral virtuosity pure and simple, was a joy to hear; high, unanimous strings, gloriously full-toned, supported by a wind department that is still in the subtlety and richness of its intonation, the peer of any in the world.

Giuseppe Sinopoli, who conducted, has obviously thought a little more carefully about the directions, and all the other hits in-between, the very thread and texture of the music, can look after themselves.

This second-movement Ländler was on the face of it at least properly, correctly delivered—but not notably without a trace of Ländler charm; a telling comparison would be Esa-Pekka Salonen's direction of the Ländler in Mahler's fourth at last week's Prom, less well played in purely instrumental terms, but infinitely more haunting, subtly nuanced, original. Sinopoli's vision of the scherzo was that of a brilliant, but mechanical, sanitised tour de force—without any deeper resonance, and in particular without any dark currents of disillusion, than the surface gloss of the notes.

This time at least he took the Urlicht at a pace which permitted Brigitte Fasshaender to unfold her "Röschen" without indecent haste. But this lovely movement too is a case in point: Sinopoli does not really understand Mahlerian phrasing (especially where the high and low tensions lie in a Mahlerian line). The direction was correct enough, in so far as it allowed most of the notes to be heard; but Miss Fasshaender's expressiveness found no echo at all in her orchestral accompaniment. The finale, obviously Sinopoli's favourite movement, was high-gloss.

New York Summer Opera

Andrew Porter

The New York City Opera, which used to play two 10-week or so seasons, in the autumn and the spring, at the New York State Theatre with the City Ballet, now plays a single 20-week season, in the summer and autumn. Summer opera at Lincoln Center, while the Met houses visiting ballet companies, has proved popular. People like the "subtleties"—a summary running translation flashed on a screen above the stage. The company advertises itself as purveyor of a kind of opera where "you don't have to read up on the plot in advance. Or be concerned that you won't be able to follow what's going on. You can just sit back and enjoy yourself the way you do at a movie. At the NY City Opera, we give you 'instant understanding'!"

A few weeks are devoted to operetta: this year *The Student Prince* and *The Mikado*. After revivals of *La Rondine*, *Lucia*, *Carmen*, *La Cenerentola*, and *La Finta Semplice*, the first new production was *Norma*. It was, in fact, a revised edition of the Welsh National *Norma* produced by Andrei Serban and designed by Michael Year-

gan. Some changes had been made for New York—and said Serban—its more conservative public. *Norma* and Adalgisa no longer bathed the tott during the stretta of "Mira, o Norma." At the end, Adalgisa didn't mount the pyre. But during the final scenes she still had a prominent—mute—role to play, devised by Serban; and as a result Felice Romani and Bellini were made to seem theatrical incompetents. Their text and score were devised for a different action.

The lack of theatrical nous in Serban's operatic work often puzzles me. His Covent Garden *Turandot* is a stunning show, but the pacing of Puccini's drama—and score—goes wrong when by Act 2 *Turandot* is already on her knees before the unknown prince. In a New York *Traviata*, his heroine treated the cherished letter from Germont as a Kleenex for wiping up the blood she coughed up. One might have the "interesting new idea" that Violetta angrily despises Germont; it shouldn't survive listening to the music that accompanies her tender reading of the letter.

Norma has one of the great

entrances in opera: during the solemn choros "Norma viene," she arrives, her tresses streaming, her brow crowned with verbenas, a golden sickle in her hand; she mounts the druidical stone and "gazes around her as if inspired." There is a solemn silence—and she waits her first words, "Sediziosa voce." As Wera Amerigh-Rutili, a formidable *Norma* of the 1930s, once told Elena Nicolai: "The entrance in an opera is of the greatest importance... If you walk, hold yourself, the kind of light your eyes give out... If they don't notice you when you come in, it will take a long time for them to do so later."

In the City Opera *Norma*, a dumpy little lady in blacked-out feet and a shawl, wearing a gold apron and carrying a cloth, had been pottering about busily right from the start of the show. I thought she was the temple cleaner. As the moment came for her entrance, I wondered why Serban had delayed *Norma*'s entrance so long—and then suddenly the little figure turned round and sang "Sediziosa voce." What sort of light her eyes gave out I've no idea, for in this produc-

tion, a handout informed us, "masks are worn when the characters are performing rituals; masks are removed when they are revealing their true feelings." By such simplistic notions, Serban offered his own kind of instant understanding. On the first night, "Vieni in Roma," Polle pulled off Adalgisa's dress.

I didn't enjoy the show much. Olivia Supp—who has sung Lady Macbeth, Elektra and Tosca at the Met—was no dramatic actress, and her coloratura was uneven. Judith Forst, the Adalgisa, offered the delectable singing of the evening. Robert Grayson was a clean, plain Polle—but, vealily and dramatically, a fellow COO, not a Roman commander. Richard Bonnyge's conducting was brisk and often seemed perfunctory. *Attila* was revived with Samuel Ramey in the title role. It's a difficult opera to bring off; the characters are unpleasant, the dramaturgy is clumsy, and a fair amount of the music is coarse. Four years ago the City Opera did bring it off in an energetic production directed by Sergiu Celibidache.

The revival, conducted in a thin-blooded way by Christopher Keene, lacked brio. Ramey's singing was fine, but he's no actor, and no reactor to what's going on on the stage around him. A New York soprano, Linda Rarick-Strumme, pushed what might be an attractive voice into edginess and unevenness; she looked good, moved well, and wore her costumes handsomely. It's a picturesque, richly costumed show. Letti Mansouri's production had its risible moments but was confident.

Prix Italia awards

The first of this year's three Prix Italia awards for television at Cagliari, Sardinia was won by America's Corporation for Public Broadcasting which took the Music Prize, worth £3.5m (about £3,500), with its 90-minute work *Koyunbaskisi*. The music is by Philip Glass. The other prize in the Television Music category, awarded for "Some Special Quality," was won by the BBC programme "Leonard Bernstein's West Side Story."

Pride and Prejudice/Haymarket, Leicester

B. A. Young

Peter Sallis, looking like everybody's idea of Mr Bennet, sits at his desk, stage left. "It is a fact universally acknowledged," he begins, "that a single man with the whole of Jane Austen's first two paragraphs. I felt at once that we were in for a truthful account of this happy novel."

David Pownall has filleted it a hit for his adaptation. There are some missing links. Jane's bad cold, at the Bingleys, and two of Mr Bennet's daughters but the tale is fairly complete and spoken as far as possible in Jane Austen's own dialogue of a close imitation. Naturally, this takes longer to speak than to read; sometimes it prompts a moment's impatience, especially when Mr Collins is being particularly around; but it is likely to be elegant, and often very funny.

consists of translucent rectangular screens, some mounted on a revolve that can conceal or reveal as required, suggest an antique stage or a narrow walk in the woods.

Around them, the company is posed to suit the situation, rather than suggest reality, though the pretty Regency costumes and speech suggest that as far as it is needed. Several balls are danced on a very modest scale. It is fact universally acknowledged that a play under the control of a good director must be in part a suitable company. Bill Pryde's company is so-so. Peter Sallis is ideally cast, and well matched by Pauline Yates as his match-making wife, Robin McCaffrey. A reserved tone, and Amanda Harris makes Lydia as silly as her father believes. But James Warwick's Darcy is a wooden young man who suggests indifference more than pride and so loses his effect

when his love for Lizzy breaks out. Lady Catherine (Irene Sutcliffe) on the other hand, though she starts with aristocratic hauteur, is too far in her indignant anger. Ian Gelder's Collins is also too demonstrative: "Gray's stately and very formal" is what Jane Austen said.

David Pownall's conclusion, with its political reading and repetition of the book's first paragraph for the benefit of his three instant grandsons is first class. I recommend the evening with enthusiasm but it is a useful idea to re-read the book first. That gives an extra bonus.

LCDT Anglo-American evening

The Contemporary Dance Trust is to hold a second major fundraising event for the London Contemporary Dance Theatre and School—an Anglo-American evening at the Dorchester Hotel on November 25, with the support of the Bankers Trust Company.

Orchestras/Antony Thorncroft

New sponsor for RPO

The Royal Philharmonic Orchestra starts its 1985-86 season at the Festival Hall tomorrow night in a buoyant mood. In the past year it has seen its turnover top £3m, its audiences average nearly 80 per cent, and its sponsorship revenue exceed £500,000.

Launching the season yesterday the RPO announced a new sponsor, PA Management Consultants, whose first venture into sponsorship will aid the RPO by almost £50,000; it goes towards a seven-concert Beethoven series celebrating Antal Dorati's (the orchestra's conductor laureate) 80th birthday. The RPO has benefited by capturing the services of André Previn as music director. Their first big enterprise together, a Music Festival on the South Bank in the summer, produced audiences of over 80 per cent and a small profit, thanks to sponsorship from the Bankers Trust which put up £100,000. In all the RPO produced a surplus of £10,000 in 1984-85 but had to work a record 700 three hour sessions, more than any other orchestra, to end up in the black.

In the coming season the RPO will itself promote 33 concerts at the Festival Hall, 10 at the Barbican and 19 at Fairfield Hall, where it is helped by a £20,000 rise in subsidy from Croydon Council. The Festival Hall concert tomorrow features Vladimir Ashkenazy in an all-Brahms programme; he will appear 30 times with the RPO during the year.

In addition the RPO has been hired by impresarios, mainly Raymond Gubby, to appear in a further 50 London concerts. Among the artists it will play with are Menuhin, Perlman, Stern, Jessye Norman, Galway, the Tortellers, Söderstrom, Fogelberg Lill and Cecilie Ousset.

The Philharmonia also produced its annual report this week. It too, was grateful to sponsors who have helped make good the Arts Council cuts in subsidy which hit all the main London orchestras. Its biggest achievement has been securing £400,000 from Nissan UK to cover the next four seasons. Some of this money has gone towards subscription advertising for the autumn concerts; the Philharmonia has already sold 15 per cent of capacity for its Thursday series of three concerts on subscription. Last year on the South Bank the Philharmonia managed an average attendance of 78 per cent. Despite the financial stringency the orchestra has planned some adventurous programmes among its 42 Festival Hall concerts this season. Under its principal conductor, Giuseppe Sinopoli it is giving the British premiere of Takemitsu's cello concerto and will also perform Messiaen's *Transcendental* symphony. Simon Rattle is conducting five concerts of French music, and Andrew Davis will be in charge for five concerts of music by Britten and Elgar.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appearances each Friday.

Sept 13-19

Exhibitions

PARIS

Medieval Art in Paris: The Alabaster of Chantilly built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman Baths. Now a museum, it houses medieval works of art: goldsmiths' work, carved altarpieces, ivories, fabrics, with two English Royal standards embroidered in gold on red velvet, in a room of its own is a set of the Lady and the Unicorn mille fleurs tapestries—an allegory of the five senses, one of the masterpieces of medieval art. Musée de Cluny, Place Paul-Painlevé, Metro Odéon.

Performers: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Venetian porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pommiers with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. La Louvre des Antiquités, 2 Place Palais Royal, Ends Sept 29.

colours and plastics from Joseph Berrys, covering the fifties and sixties. Ends Sept 29.

Essen, Villa Hugel, Art and Design: A collection of art and design from the 19th-20th centuries. The show includes glass, carpets, ceramics, miniatures and weapons. Ends Oct 27.

Cologne, Kunsthalle, Josef-Humboldt-Hof I: The Fiances Beloved, Sold, Exchanged, Stolen. The exhibition describes the role of women in different cultures and shows various marriage ceremonies. It also displays 2,000 paintings, photographs and costumes from various countries through the ages. Ends Oct 10.

BRUSSELS

Opera costumes from 1859 to the present including Zeffirelli's *Rigoletto*, Bozzelli's *Traviata* and Karl Ernst Harrenau's *Clemency of Titus*. Musée de Costumes et Dentelle, Until November.

lection have been transferred to this site for the summer. Includes works by Titian, Veronese, Domenichino, Caravaggio and Dosso Dossi. Ends Sept 30.

NEW YORK

National Academy of Design: Called from the larger Royal Academy exhibit, this view of Edward Lear's prolific career covers not only the famous illustrated booklets and verse but also landscapes and ornithological studies. Ends Nov 3.

WASHINGTON

National Museum of American Art: 35 paintings by Alexander Hogue capture the American Southwest through drawing and prints in highly stylized evocative works from the 1920s to the present. Ends Nov 2.

TOKYO

Modigliani: 130 works in oils, watercolours, and sculptures. National Museum of Modern Art, 1000 Tokyo Park (near Palace and Imperial Palace) and parts of Tokyo's oasis near the Imperial Palace. Ends Sept 29.

VIENNA

Vienna 1870-1930: Dream and Reality. The greatest names of the Viennese fin-de-siècle—Klimt, Otto Wagner, Schiele, Kokoschka, Adolf Loos, Josef Hoffmann—are in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism) is ambitious and only partly successful. The complex tension between aesthetic and censured reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hofmann's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's *Sty-foul* Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended this alone is worth a special visit. Kunsthistorisches, Ends October 8.

NETHERLANDS

Amsterdam Rijksmuseum Printroom: Continuing its centennial celebrations, the museum has put together a revealing exhibition of 60 of its finest Rembrandt drawings, supplemented by a further 60 by anonymous Rembrandt pupils and followers to illustrate the extent of the master's influence. Ends Sept 29.

SWITZERLAND

Margery: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurum. Ends Nov 3. (026/23976).

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Thursday September 19 1985

On risk, off balance sheet

BANKING innovation, often designed to reduce risk, may have increased it. The letter sent out on Tuesday by the Governor of the Bank of England, as part of a co-ordinated move by all the Group of Ten central banks, urging the commercial banks to operate tight control of their off-balance-sheet risks, represents a welcome new urgency in facing this problem, but also a setback. The Governors, who had hoped in Basel to agree on common requirements regarding such matters as capital adequacy, in this highly competitive field, have so far failed. They are concentrating instead on using their moral suasion—stronger perhaps in London than in some other centres—to insist on improved management standards. Such advice ought to be redundant. Unhappily it is not.

The working extent of the problem has been spelled out in recent speeches by the Deputy Governor, Mr Christopher McMahon, and by Mr Peter Cooke, the director responsible for prudential supervision. Both have been worried that the recent rush to financial conglomerates—not quite so recent in the U.S.—has left management overwhelmed struggling to control businesses with which they are unfamiliar. Meanwhile, the rapid development of new instruments and new financial markets risks which can be very difficult to assess even given the fullest information, and of which some managements, according to Mr McMahon, seem almost unaware. Even where they may simply have to take on trust what their mathematical analysts tell them about risk.

Talent

While the market leaders in such fields, who originate much of the business, are certainly aware of the problem and employ high-level talent to tackle it, they do not always find the right answer; some substantial U.S. banks, for example, have made heavy losses in options trading. But in any case, the risk is not confined to the prime movers. One purpose of their calculations is to decide how far the risks being undertaken can and should be passed on to the market, through the use of derivatives and options markets, and they may well be passed on to less aware and sophisticated players. The whole system is at risk.

Some of the major worries, however, may be matters for legal rather than computing experts. Banks who participate in such groupings as note issue facilities and revolving underwriting facilities (NIFs and

Rufs, as they are already familiarly known), or issue paper with a repurchase undertaking, may simply not know how much of this paper they are effectively bound to back. One U.S. bank recently had to stump up some \$100m to compensate holders of paper issued by failed intermediate companies where it believed itself off risk and one London clearing bank at least has forewarned such markets.

Standing back from the baffling detail, two strands can be seen intertwined in these problems: a threat to the stability of ordinary non-bank businesses for some insurance against financial volatility, a service which certainly helps the real economy; and the desire of banks to expand their business while avoiding the annoying demands of regulators for such things as adequate capital backing, which costs money.

Threat

At the moment the problems are much more evident in the U.S. where deregulation has the longest history and innovation is most aggressive, than in other markets. There have been savings institutions and market intermediaries have been failing with depressing regularity. However, this is no cause for complacency elsewhere. As Mr McMahon pointed out, the risks are often greatest in the honeymoon period before the losses emerge.

The consequent economic threat is also more apparent in the U.S. than elsewhere; the Federal Reserve is widely thought to have driven interest rates down regardless of the monetary consequences partly to prevent a wave of failures resulting from excessive lending in the past to developing countries, to farmers, to the oil industry, and (in the case of the U.S.) on the security of low falling real estate values. Since these problems are still getting worse rather than better, the Fed is increasingly preoccupied with capital increases and still inhibited in its open market policies.

All these problems could spread rapidly to other centres in the wake of deregulation; and while it is good to know that the Federal Reserve is taking the dangers much earlier in the game than they were in the previous excesses of the Eurozone, concern alone solves no problems. We hope that the necessary prudential agreements in Basel will not be long delayed. Meanwhile, central banks should not allow pleas for a level playing field to inhibit them in imposing any restrictions they regard as prudent.

High risks in Central America

ALONG NICARAGUA'S border with Costa Rica and Honduras all the ingredients now exist for a small incident to produce rapidly escalating hostilities. Events last week on the Honduras-Nicaragua border highlighted this danger, and it is little comfort that a measure of calm has been restored; the situation could easily be repeated in the coming months.

It appears that the Nicaraguan military got wind of an incursion by some 500 "contra" rebels from Honduras and attacked in force near or over the border. Handuran troops became involved and a nationwide alert was declared. Faced with the prospect of a major escalation, U.S. counsels prevailed. The incident has blown over with the Nicaraguan leader, Daniel Ortega, offering to meet his Honduran opposite number, President Roberto Somoza Cordón.

Such an incident is an inevitable consequence of anti-Sandinista rebels using Honduras, and to a lesser extent Costa Rica, as a safe haven for training and logistic support. Throughout the three-year-old campaign by the U.S.-backed contra against the Marxist-oriented government in Managua, the safety of Costa Rica and Honduras has been their greatest military asset. This has been a source of great frustration to the Sandinistas, who have to balance the need to stamp out the dangers of becoming embroiled in a broader conflict with their neighbours.

Until now the temptation to risk hot pursuit or border incidents has been tempered by

EUROPE'S CHEMICAL industry is in the throes of a major upheaval. The battleground is bulk petrochemicals and plastics—once the industry's biggest opportunity, now its biggest headache.

The past month has seen an extraordinary series of plant sales, mergers and closures. Hoechst is to sell its polystyrene business to Shell and Enichem are joining forces in PVC. BASF is buying Monsanto's acrylonitrile business; BP and Bayer are in talks on low density polyethylene; and Esso is closing its huge ethylene plant in Cologne.

The industry is splitting into two camps. The experience of 1981-82—when commodity petrochemicals in Europe made aggregate losses of several billion dollars—convinced producers that the only rational approach to the sector was to get out of it. Some companies are doing just that: others have belatedly realised that the scale of their commitment makes such a course impossible. Their only option is to reverse the strategy—to come in on specific commodity areas and become as big as possible.

The resulting state of activity is seen by the industry as a generally good thing. David Bryan, a director of ICI's petrochemicals division, says: "I'm greatly encouraged. All these changes are in the right direction—companies are deciding where their strengths lie, and that can only be helpful for the industry in the long run." However, the plant reshuffles still fall short of addressing the industry's central problem of overcapacity. Even Esso's closure of its ethylene plant at Cologne, together with the Shell closure of a smaller plant near Manchester, does little more than offset the giant new cracker at Mossmoran in Fife—itsself jointly owned by Esso and Shell.

Agas, the ICI link with Enichem of Italy on PVC will lead eventually to some closures. There is no question, though, of rationalisation on a scale commensurate with European overcapacity in PVC of around 20 per cent.

For ICI as for other companies, this strategy is rather the reverse. By becoming as large as possible—the ICI/Enichem combine will have 28 per cent of Europe's total capacity—companies aim to put pressure on smaller competitors, and ensure that overcapacity becomes someone else's problem.

The suddenness of the industry reshuffle is revealing on another front. "We are all aware," David Bryan says, "that we are in a cyclical business. Demand has been pretty strong in the past year or so, and when companies are running their plants down it is very difficult to take the decision to sell or close. The next downturn is coming, and perhaps it is not so far off."

The split between buyers and sellers of commodity plants is particularly acute in the German industry. Europe's biggest ethylene producer, BASF, is selling its polyethylene business to Shell, and Bayer is discussing banding over the marketing of its low density polyethylene to BP. Hermann Strenger, Bayer's chairman, says: "We are moving towards speciality chemicals and polymers as opposed to

European petrochemicals

Suddenly the only option is to become bigger...

By Tony Jackson
 Chemicals Correspondent

commodities is long established, and will continue to gain strength."

Hoechst's sale to Shell, together with the sale of another plant earlier this year to the U.S. group Huntsman, takes the company out of polyethylene entirely. A year ago, Hoechst also cleared out of low density polyethylene, leasing its plant to Enichem of Italy.

BASF, meanwhile, is on the opposite track. While spending enormous sums on U.S. acquisitions in the specialties field, the group is also buying U.S. group Monsanto's acrylonitrile plant in the UK, thus becoming a stakeholder in Europe's biggest producer of a decidedly commodity chemical used by the

THE PETROCHEMICAL producers of Scandinavia are playing an increasing role on the European stage. Restructuring of the type now taking place in Continental Europe is largely over in Scandinavia, through a similar process of sales and disposals. The bigger companies are now taking a hand in the strategic moves going on in Continental Europe and the U.K.

After a rapid series of deals, the Nordic petrochemicals and fertilizer industries are now largely in the hands of Norsk Hydro and Statoil from Norway and Neste and Kemira from Finland.

Denmark's Superfos has also grown fast through acquisitions in the fertilizer sector, but it has concentrated its efforts on the U.S., where late last year it made Denmark's biggest ever investment abroad with the \$112m takeover of Hovstar, the U.S. fertilizer company. In the process it virtually doubled its annual fertilizer output.

Men and Matters

responsibility for Citicorp's consumer banking activities while Lawrence Small, aged 43, one of Citicorp's brightest stars, moves into Theobald's old job.

Meanwhile Paul Collins, aged 49, who had been head of the investment bank, will become Citicorp's North American senior corporate officer, taking over Small's old job, and is also named chief planning officer for the group.

In from the cold

Last October, Malcolm Walker and Peter Hinchcliffe were to be found dancing on the steps of the Stock Exchange. With the successful flotation of Iceland Frozen Foods, a business begun in a strawberry patch had made them millionaires.

Walker and Hinchcliffe met while working as junior executives at Woolworth's. As a sideline, they bought a strawberry patch, sold the fruit, and with the cash opened a small frozen food shop. But Woolies did not take kindly to this moonlighting—and out into the cold went the frozen food merchants.

More recently, the two of them, along with another pair of directors, tapped the market for a second time, selling 640,000 of their shares for a more modest £3m between them.

"I think we all regretted not having asked for more when we floated," Walker told me yesterday. "And although we obviously did pretty well in October, we all wanted other things, such as houses."

At 38, Walker sees few limits to his frozen food chain. Half year profits, published yesterday, are up. By the year end, Iceland should have 54 shops. The model for Iceland, however, is not Woolworth. "We want to be the Marks and Spencer of the frozen food busi-

ness," said Walker.

With Iceland now worth almost £90m, the 15-year-old business has proved—if there was ever any doubt—that strawberry fields can be forever, especially if they are deep frozen.

Rallying point

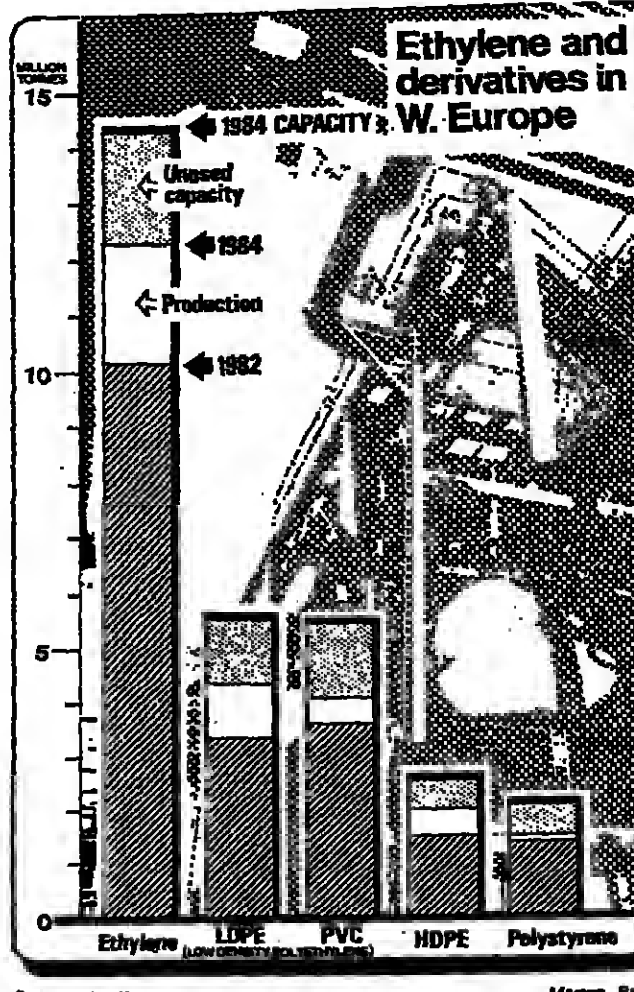
The first Hong Kong to Peking motor rally, which has taken four years to organise, limped into its third day yesterday, the previous day's racing programme and six special stages having been cancelled.

Some of the world's most fearless rally drivers, used to overcoming the worst possible driving conditions in remote places, have been tamed by a factor that is uniquely Chinese—the country's massive population.

Even my man in Hong Kong—who just a week ago had a bone-shaking forest of the roads, or lack of them, that lay ahead of the 36 race teams on the 3,400 km route to Peking—failed to predict trouble from this source.

Though two of the tyres of his Toyota Funia burst, he forecast a comparatively easy time for the intrepid rally teams. After all, they had racing tyres, sturdy suspension, 400-horsepower engines, a flotilla of support vehicles, and at least 28,000 public security officers to see them through the steamy heat of China's eastern provinces.

But in the event it was the vast crowds that lined the rally route, as kept to see their first Western faces as much as the gaudy cars roar past, that brought things to a halt. Last news was that the rally teams were driving meekly north in convoy from Wuhan—but they hoped to start racing again soon.



Source: Shell
 Maryn Barnes

artificial fibres industry.

BASF's higher exposure to commodities is largely a matter of history. Along with Hoechst and Bayer, it was once a constituent of the giant IG Farben chemicals combine. When the combine was broken up at the end of the last war, Hoechst and Bayer barged the lion's share of more sophisticated products like pharmaceuticals and agrochemicals, leaving BASF with a correspondingly large share of commodities.

Thereafter, the group went further along the same road by involving itself heavily in oil and gas feedstocks.

Without a doubt, BASF is a two German rivals, BASF is coy about spelling out its policy on commodities. However, the point is put bluntly by one of the biggest of Europe's bulk petrochemical producers. Jim Gordon, worldwide chemicals co-ordinator for Shell, says: "BASF have no more choice about staying in commodities than we do. There are too many eggs in the basket."

The oil companies—Shell, BP and Esso in particular—are of key importance to the European bulk petrochemical business. As Jim Gordon puts it: "When the boom in petrochemicals started after the war, the oil companies had an early start. We had some technical leads, and we knew how to build big plants. Then the chemical companies like ICI

and BASF joined in. We met each other with an almighty thump in the late 1970s, and the sky fell in."

The late 1970s also saw the planning of what may well be the last giant petrochemical plant to be built in Europe for the foreseeable future—Mossmoran, the 500,000 tonne ethylene cracker on Scotland's East coast. Shell and Esso, Mossmoran's joint owners, have recently diverged sharply on their approach to European ethylene production. The reasons have much to do with one overshadowing factor in the equation—the start-up this year of huge new petrochemical plants in Saudi Arabia.

attention on speciality chemicals and consumer products. In 1983 Kemobel sold off its PVC operations to Norsk Hydro, while Unifos, its polyethylene joint venture with Union Carbide of the U.S., was sold to Neste, the Finnish state oil company, which is expanding abroad in plastics, processing and batteries to reduce its dependence on the oil industry.

It is the availability of feedstocks from the North Sea that has powered the advance of Statoil—its recently bought Esso's Swedish ethylene plant—and Norsk Hydro into basic petrochemicals and plastics materials, but their foreign expansion is necessitated above all by the need for new markets to supplement a limited domestic base, it is the withdrawal of the U.S. companies such as Union Carbide and Esso that has created some of the opportunities.

Kevin Done
 in Stockholm

Bank's ace

The appeal of Boris Becker, the 17-year-old Wimbledon champion, as a symbol of youth, hope and success for his countrymen would seem to know no bounds.

Young Becker has now been signed up by none other than Deutsche Bank, the largest West German bank, which has a proven record of picking winners. The Deutsche—for a consideration put at a cool DM 3m—has secured exclusive rights in the banking field to the Becker name for the next three years.

But the idea of a venerable bank looking to the tennis courts to promote itself should not be too much of a surprise. Thanks to his Wimbledon victory, Becker is probably the world's best-known West German. And Deutsche Bank has already raised a few eyebrows with an expensive domestic advertising campaign earlier this year extolling the merits of the Federal Republic.

What more natural, then, that through the youth-cult figure of Becker it should carry the battle further afield?

Retreat from Moscow

Political expulsions are expensive for some and good business for others.

When I asked one Fleet Street editor whether the Government would help pay the reputation costs of his man expelled from Moscow he exploded into what I can best describe as the fury of one unable to influence events.

But a West German company, specialising in moving diplomats' effects, is laughing all the way to the bank over its unexpected autumn windfall. "It is bad for you, but good business for us," says Bragutin Brasevic, the Moscow man for the Bonn-based firm. "We never had so much business at this time of the year, and we are having to call in extra trucks."

Observer



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ECONOMIC VIEWPOINT

How to look at rival strategies

By Samuel Brittan

AS FAR as economic policy is concerned, I have always found the structural reforms canvassed by the Alliance on matters such as wage determination and capital ownership a good deal more interesting than its more conventional cry for more infrastructure spending and demand boosting in general.

The joint policy statement issued by the Alliance before the SDP and Liberal Party Conferences made a brave attempt to quantify the Alliance's current economic aims. It is described as a "background document" and the figures in it are in terms of the period up to 1987. Thus it is more a contribution to the current policy debate than anything which could commit Alliance leaders if they had a share in government after a 1987 or 1988 general election.

The basic problem can be stated fairly simply. There is a one-to-one relation between the growth of output and the creation of jobs. The unemployment figures depend also on such things as the rate of entry into the labour force of people, especially women, not previously registered as unemployed; the effects of next October's revamping of National Insurance scales on the profitability of employing unskilled labour; the effects of the Youth Training Scheme, the expansion of the Community Programme and numerous other specific factors.

But having made these qualifications, it is still true that a major and lasting improvement in unemployment does depend on a reasonably rapid growth rate. The Treasury's projected 2 per cent per annum growth rate in the years ahead may, if achieved, be accompanied by a continuing rise in unemployment or a very slight fall.

Which of the two it will be is a matter of luck and the timing and the impact of special schemes already mentioned. To make a real dent in unemployment, growth would have to be more like 3 per cent than 2 per cent, to name a necessary but not sufficient condition. One can easily agree with the Alliance that, if unemployment is to fall by half a million by 1987, real growth would have to be nearer 3 per cent than 2 per cent, and, in addition, there would be the need for special measures

targeted on the jobless. The main fault of the Government's strategy is that it identifies excess pay as the main obstacle to more jobs, without doing anything very specific to prevent excess pay awards from occurring.

The Alliance is clear enough in its headline statements that boosting demand would not be enough to secure more jobs without what it calls "an incomes strategy," to make sure that growth is real and that the demand boost is not frittered away by rising inflation.

But I have the following doubts about Alliance strategy. If it really is confident that it can influence pay settlements in plain English to reduce them, it does not need a demand boost. The present growth of demand in money terms would be more than enough to boost output and employment if it were not frittered away in higher pay and prices.

The Alliance recommends what it describes as a 350n per annum budgetary boost—presumably to take effect over the next couple of years. The Alliance researchers have gone through the ritual of putting their programmes through "the Treasury model." This is far from a matter of just pressing a button and waiting for the results to come up on a screen. To use the model numerous decisions are required by the user, about underlying assumptions and about alternative variants of the model itself, as I discovered when I wrote about the model over three years ago to take my mind off the Falklands War.

If anything, the researchers have been excessively honest in not trying out more assumptions to find a more favourable result.

The simulations do indeed show growth at nearly 3 per

ALLIANCE SIMULATION			
% Change	1985	1986	1987
GDP: output	3.5	2.3	2.9
Unemployment (UK millions)	3.1	2.7	2.64
Inflation (retail prices)	6.2	5.9	7.5
Current Balance of Payments (\$bn)	+2.5	-2.2	-4.8
Exchange Rate (Sterling Index)	75.02	74.4	71.4
PSBR (\$bn fin years)	7.1	10.7	10.8
Interest Rates (3 month Bank Rate)	10.9	10.4	10.6
Average Earnings	8.3	7.7	8.2

* In the 12 months to Aug 1985.

cent per annum instead of the Government's 2 per cent in the next couple of years and a fall in unemployment of half a million.

On the other hand, the Sterling Index takes a knock. As this is over a period when most forecasters would also expect the dollar to fall, a pretty sharp drop is surely implicit against the EMS currencies.

The UK also emerges with a substantial and growing current payments deficit. This is not the end of the world, but unless it coincides with an increased long-term underlying capital inflow, there could be further devaluation on the way.

The behaviour of sterling must be one of the reasons why inflation is seen rising to 7½ per cent by 1987 instead of falling to 5 per cent and then 4 per cent as the Government expects.

The Alliance statement says that if voluntary restraint cannot ensure a slower growth of earnings than at present, legislation for a tax on pay increases would be introduced "in the second year." The simulation does not, however, show more than a slight dip in earnings in 1986, which does not lay into 1987. The most that the Alliance can claim is that earnings might have risen still more under the impact of higher labour demand

and rising inflation without its special measures. Still, it is difficult to escape the conclusion that Alliance policies have on this simulation simply "bought" a reduction in unemployment at the expense of rising inflation. Job increases bought in this way are apt to be temporary.

To put it in commonsense terms, a 7½ per cent rate of inflation is not in British conditions a very good environment for promoting jobs, as the present Conservative Chancellor found when he took somewhat similar risks—although with interest rates and sterling—in an attempt to boost growth last autumn and winter.

The bottom table presents a common framework in which to display Government projections, the Alliance alternative and my own third variant. The assumption is that the Government's monetary and fiscal policies can have good deal of influence over the trend of spending in money terms, which is measured by Nominal GDP. But the division of this increase between higher pay and prices on the one hand, and increased output on the other, depends on what happens on the ground in pay bargaining and other ways.

In the first line I have given the Government's projections

for Nominal GDP. It is on these projections that its monetary and fiscal policies are based, although you would not always know this from the mumble-jumble about the monetary aggregates.

The Alliance does not give explicit projections for Nominal GDP, although its spokesmen have quite often talked about basing demand management on this criterion. I have tried to translate the Alliance projections into terms of Nominal GDP, roughly but fairly.

The second line contains the GNP price deflator. This is basically an index of domestically generated inflation and excludes imports.

The relationship between the more popular Retail Price Index and the deflator varies from year to year. I have assumed in the table that the deflator rises on average by some 1 per cent per annum less than the RPI.

The final line shows what is left for real growth after taking account of erosion by inflation. I have given the deflator the benefit of the doubt and have assumed that it can secure a 3 per cent rate of output growth.

But now I come to my nagging question. If the Alliance knows how to divert demand into real growth, whether by pay policies or by careful targeting of the direction of demand, why should it bother to boost nominal demand altogether? Why not stick to the existing rate of demand increase and use the Alliance policy to obtain a better mix between output and inflation?

Of course I know the political answer to my own question. The Alliance is politically committed to public expenditure increases and the rhetoric of infrastructure spending. Its backroom boys can do what they like with the numbers so long as they do not ditch approved policy en

Lombard
Codes of conduct
in the City

By Barry Riley

THE Singer & Friedlander affair is a reminder of the strains upon judgment that can be imposed by such a lucrative issue as British Telecom. The news has broken at the same time as tension is mounting over the list of names of allegedly illegal multiple applicants to the BT issue which is currently in the hands of the Director of Public Prosecutions. This matter is thought to be of personal interest to partners and employees of a number of leading stockbrokers and merchant banks.

It has emerged that the chief executive of Singer, Mr Anthony Solomons, and other staff and private clients of the bank, were allocated substantial numbers of BT shares which according to the prospectus were intended for "institutional investors." After investigation, the bank has somewhat puzzlingly concluded that those involved acted "honestly and in good faith" but that there was "an error of judgment." The bank's internal rules are being changed.

Such events can only damage the reputation of the City of London in the eyes of the public at large, and they prompt various further questions.

Were there other institutions in which shares allotted to so-called "priority applicants" last November were diverted into the hands of private individuals? Did they break any rules if they did so? Are they subject to the authority of any regulatory body in such matters?

It is a curious fact that investment management is almost wholly unregulated—though this will have to change once the new framework of financial services legislation has been installed. Investment managers have enjoyed almost complete discretion and have been subject only to minimal disclosure requirements—even to their clients, let alone to the public.

Standards have risen since the old days when clients actually expected merchant banks to enrich them through use of inside information and through favoured access to new issues. But memories linger, and it is not surprising that some practitioners should get

a little muddled over the standards of behaviour that should currently be applied.

Nor does it help matters when the issuing departments of merchant banks start differentiating in favour of ill-defined "institutions." What about a unit trust management company as opposed to the unit trusts it runs? In last month's *Britoil* issue, an individual might also have made a tidy profit if he had got hold of an institutional allocation. Private applicants, of course, had to make do with 100 shares each.

None of this excuses Mr Solomons' error of judgment, but it does emphasise the need for a clear code of conduct to be imposed upon the fund management industry. The mooted self-regulatory body for investment managers should address itself urgently to the problem.

The self-regulatory route is by far the most appropriate. Any code of conduct will have to be applied flexibly in individual cases, and will have to be regularly changed to meet new circumstances. Usually public exposure and censure will be more suitable punishment than fines, though it will also often be right for the profits from irregular deals to be paid back.

The inadequacies of a legislative approach are shown by the clumsiness of the treatment by the authorities of the affair of the multiple BT applications. Such multiple applicants ignored a clear warning in the prospectus that they should apply only once. There is an obvious case for quickly exposing their names and censuring them, but it is not so clear that the offence is so serious as to justify lengthy criminal prosecution.

In any case the DPP is reportedly having trouble proving that any law was actually broken. The legal authorities will look ridiculous if, having proclaimed loud and clear through Kleinwort Benson before the issue that multiple applicants would be in breach of Section 15 of the Theft Act, they do not dare to prosecute the group of individuals that were caught red-handed.

HOW TO VIEW ALTERNATIVE POLICIES

	% Changes			% Changes			% Changes		
	1985	1986	1987	1985	1986	1987	1985	1986	1987
Nominal GDP	Treasury projection	Adjusted Treasury for strikes	Treasury projection	Alliance variant	S.B.'s variant	Treasury projection	Alliance variant	S.B.'s variant	Treasury projection
Price deflator	5	5	4	5	4	3	7	4	3
Real GDP	2	2	3	2	3	2	3	3	2

N.B.—Rise in Nominal GDP equals approximately rise in Real GDP plus Price Deflator (slight discrepancies due to rounding or adding of percentages).

Risk to friendly societies

From the General Secretary, Pioneer Benefit Society

Sir,—The last paragraph of Mr K. D. Williams' letter (September 16) will find an echo among many societies who are concerned that their sales force consisting primarily of spare time agents, and district secretaries will not be able to meet the proposed life assurance licensing provisions which will threaten the marketing of their traditional business. The provisions apply to any long term personal insurance or investment contract, not only to life assurance, and will for instance include the "Holloway" contract providing sickness and accident cover with in addition a lump sum payment on retirement irrespective of the claims experience, a contract which has been marketed by a number of societies since the last century.

The first of these societies was formed in 1875 by the philanthropist George Holloway, MP for Stroud, since when his scheme has helped many thousands in times of hardship. It is sold more by personal recommendation than by the hard selling full time representative and its club style promotion by a Society's own members in their spare time must include not only an active award to the agent who generates it but also the completion of a simple proposal form, an activity for which a licence would be mandatory under the proposed regulations. The latter may be desirable for the full time professional salesman but may well drive many traditional friendly societies out of business. Is this what the Marketing of Investments Board or indeed HM Government intend?

Any statutory or self-regulatory licensing provisions must recognise the special position of friendly societies if they are to continue to market their excellent non-profit-making contracts among their traditional customers, nor must their voice be too small to be heard. J. M. C. Hurton, 10, Witley Hill, Truro, Cornwall, TR1 1LW.

Supercharging systems

From Mr D. Tryhorn
Sir,—Your motoring article of September 14 tells us that the Volkswagen C-charger is 65 per cent more efficient than the Roots-type. Surely this cannot apply to the accepted definition of efficiency, as the theoretical power to the actual power absorbed. By the laws of scale the efficiency of the Roots-type

Letters to the Editor

increases with size from about 50 per cent to 70 per cent, suggesting that the G-type would range from 82.5 per cent to 113.5 per cent. This would put us well on the way to the perpetual motion gas-turbine.

The figures would tie up better if the word efficiency had been used instead of efficiency. This I would then take as the ratio of the density of the charge delivered to atmospheric, for example 1.2 for the Roots rising to 1.65 x 0.2 = 1.33. This would be expected to give a 40 per cent increase in torque, and is within the capacity of supercharging systems in this country.

D. W. Tryhorn, Lower Knowle, West Cheltenham, Kingsbridge, Devon.

Tourism and jobs

From Mr B. Butler
Sir,—David Trippier as the new Minister for Tourism has certainly taken on a challenging but nevertheless uphill task. Why? In Lord Young's report to Parliament "Pleasure before jobs" he quotes a figure of 50,000 new jobs in tourism a year. As upwards of 1m people are employed in tourism full-time this means an annual increase of 5 per cent. Lord Young and David Trippier have been set and accepted quite a target. I will explain.

That target is one conjured up and widely quoted by Mr Duncan Black the chairman of the British Tourist Authority. In the recently published annual report by the English Tourist Board for 1984-85 the estimated yearly increase is quoted as 40,000. This means a combined increase of 10,000 jobs in Scotland and Wales. In what proportion should this figure be divided between the two countries?

Now let's look at England rather more closely. According to the ETB's annual report, over a two year period, 1983-84 and 1984-85, the board's financial aid scheme has helped only to create 3,756 full-time equivalent jobs—a very small contribution to the expected 40,000 new jobs a year. So how, where and by whom is the 40,000 figure to be achieved? Reducing red tape will only contribute to a small degree.

To examine this situation a little more, some 60,000 people in the north east (Cleveland,

Durham, Northumberland and Tyne and Wear) are employed in tourism. If the suggested 5 per cent is used as a norm, this would mean an increase of 3,000 jobs a year in the region. In no way is this target achievable. In my opinion 2 per cent is nearer the mark. And I would hazard a guess that this percentage also could be accurately applied to all four northern regional board areas.

If this supposition is correct, then obviously the vast majority of the estimated increase is likely to take place in England's south, thus widening the north-south divide. To redress this potential imbalance, Lord Young will need to consider the creation and scheduling of tourist development areas to stimulate development and employment in those underdeveloped areas which have a considerable tourist potential, as for instance the Anglo-Scottish border country. The so-called Industrial Development Areas of the 1960s, which then included service industries, were extremely successful in generating new hotels and guesthouses, particularly in the north east. But that did not occur overnight. It took up to five years to achieve a substantial improvement in the region's tourism infrastructure.

It is not unreasonable to ask if the spending its grant aid money wisely? For instance, a £300,000 grant to an international hotelier to build a luxury hotel in prosperous Brighton seems to me to be inexcusable. Clearly, the ETB policy on financial assistance needs radical reappraisal. There is widespread dissatisfaction in the way in which the scheme is being administered. The entrepreneurship of the small proprietor needs much greater encouragement than hitherto. The "big boys" are better equipped to look after themselves—and do.

Bill Butler, 7, Kelton Place, Whitby Bay.

Privatisation of business schools

From the Principal, London Business School
Sir,—Your report (September 16) on privatising business schools unfortunately misquoted me. This school is autonomous with its own board of governors. Some 72 per cent of our income is earned through post-experi-

ence programmes, in-company programmes and various research grants, all of which are fully self-supporting. The remaining 28 per cent is received by way of a government grant and is put entirely towards the support of young British students on our post-graduate MBA programme. Thus, already private in legal terms, we are almost three-quarters private in income terms. The issue for us is not privatisation per se, but rather the future of the MBA programme.

We recognise, and would welcome, the greater freedom that could come from full privatisation. Nevertheless we are apprehensive as to how, and in what form, our internationally recognised MBA programme would survive such a financial cut-back with the fees for British students approximately quadrupling. The nation is short of able young managers, and a diminution of post-graduate numbers would surely be detrimental to the desired growth within the British economy. (Professor) P. G. Moore, Sussex Place, NW1.

Land for housing

From Mr N. Bowie
Sir,—In your issue of September 14 Sir George Young, Environment Under Secretary is quoted "High land prices are the builders' problem, not ours."

That is patent nonsense. Prices are governed by supply and demand. Where demand is strong and supply weak prices rise, whether of land or any other commodity.

House prices in the south east are rising unhealthily above the rate of inflation and this pushes up wage demands. It is not uncommon now for the land content in a house price in the south east to be around 45 per cent as compared with 20 per cent—25 per cent elsewhere in the country.

The only way to bring down house prices is to reduce the price of land and the only way to do this is to increase the supply of land available for residential building and, in some instances, the density of houses per acre. The responsibility lies clearly and firmly in the hands of central government and nowhere else to zone more land for residential use and provide the money for the basic services.

The Government is committed to reducing inflation and it is failing to use one of the more important weapons which is completely in its hands. Norman W. Bowie, 1 Uplands Close, SW14.

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Setback at Unipart may delay sale of BL subsidiary

By Kenneth Gooding in London

BL, Britain's state-owned motor vehicle group, might have to delay the planned sale to the private sector of Unipart, its replacement-parts distribution subsidiary.

The doubt over the sale, scheduled for November, follows a fall in its operating profit, the only loss provided by BL, from £3.9m to £4m.

The figures were revealed in BL's half-year results, announced yesterday, which showed the group suffered a £44.8m (£80m) loss. There are no comparable figures because Jaguar's results were included in those for the first six months of 1984 when BL declared a net loss of £34.8m. Jaguar was returned to the private sector in August last year.

BL's figures suggest, however, that, apart from Unipart and the bus business, which is suffering from a slump in demand, all the other operations moved in the right direction during the half-year. But high interest rates had an adverse impact on the net result.

Ironically, problems with the Edmunds Walker distribution business - acquired from AE in August last year for \$15m and designed to make Unipart a more attractive proposition for privatisation - were mainly responsible for the fall in Unipart's profit.

Although Edmunds Walker provided Unipart with another 120 outlets and 30,000 motor-trade accounts to add to its components distribution business, it was suffering a net loss of about £5m a year. It has proved more difficult than expected for Unipart to pull the business back to profit.

Unipart has now decided to draft in more of its scarce management resources. Mr Neil Warwick, formerly sales manager of Unipart International, has become managing director of Edmunds Walker's automotive division and taken a small management team with him.

Any substantial delay in the Unipart privatisation process would embarrass the BL board which is under pressure from the UK Government to sell off more of its operations following the successful £297m disposal of Jaguar.

● Aveling Barford, the Grantham-based construction equipment group, has made a substantial recovery after its purchase from BL by a U.S. entrepreneur in December 1983, writes Ian Rodger in London.

Yesterday, the group, which suffered large losses in the late 1970s and early 1980s, reported a return to profitability in 1984. Net profits reached £1.2m compared with a loss of £7.2m in 1983. Turnover was flat at slightly more than £30m.

French budget entails cut in real spending

Continued from Page 1

Bérégovoy, the Finance and Economy Minister, said:

The Government also announced yesterday that it would pay back the forced loan it raised in 1983 when it first brought in its economic austerity programme.

The special obligatory loan raised FF 13.7bn for the French Treasury and was due to mature next June. The Government will repay the loan next January in view of the improved state of the economy and to help reduce further its interest charges.

M Bérégovoy made another call during the presentation of the budget yesterday for a lowering of French interest rates to help stimulate economic activity.

The Bank of France is now expected to reduce its money market intervention rate again probably as early as today.

The new rigorous budget will lead to 4,300 net job reductions in public administration next year, with the largest cuts in the Post and Telecommunications Ministry.

Thatcher ends tit-for-tat after Soviets expel six

BY ROBERT MAUTHNER IN LONDON AND PATRICK COCKBURN IN MOSCOW

BRITAIN yesterday put an end to its diplomatic confrontation with the Soviet Union after Moscow had expelled another six Britons in retaliation against the six Russians ejected from the UK on Tuesday.

Mrs Margaret Thatcher, the UK Prime Minister who was informed of the latest Soviet reprisal while on a visit to Egypt, told journalists: "We shall not respond further to their wholly unjustified expulsions."

Moscow's action brought the number of diplomats, journalists, trade officials and businessmen, expelled by both sides to 31 each since last Thursday, when Britain initiated the tit-for-tat moves by ordering 25 Russians named by the Soviet KGB as spies to leave the country.

The six Britons expelled by Moscow yesterday include Mr Ian Christopher Sloane, a First Secretary in charge of cultural affairs at the British embassy, four military attachés, a communications officer and Reuters newsagency

correspondent, Mr Martin Nesirky. The reasons for the UK Government's decision are not difficult to find. Mr Mikhail Gorbachev, the Soviet leader, had reached with unexpected toughness to the punitive steps taken by London against Russians in Britain, identified as intelligence agents by Mr Gorbachev, former head of KGB operations in Britain.

A third round of deportations by Britain would have been pointless, given Mr Gorbachev's "eye-for-an-eye" tactics, which broke with past Soviet practice in cases of this kind.

Up to last Thursday, Moscow had usually responded to the expulsion of its "spies" from Britain by sending home a smaller number of Britons, in line with the smaller size of the British community in Moscow than the Russian community in London.

Suggestions that Britain's wish "to draw a line under this affair," as the Foreign Office described the Government's decision, could be interpreted as weakness were vigorously rejected by officials. The fact that the "heart" of the Soviet Union's intelligence activities had been broken was a major achievement and could hardly be interpreted as a defeat, they said.

Sir Geoffrey Howe, the British Foreign Secretary, admitted that the whole affair had been "a severe setback" to UK-Soviet relations, but that was not Britain's fault.

"The Soviet authorities must bear the full responsibility for this lamentable episode," Sir Geoffrey said.

Sir Geoffrey still expects to have bilateral talks with Mr Edward Shevardnadze, the Soviet Foreign Minister, in the margin of the United Nations General Assembly meeting in New York next Monday. Sir Geoffrey hoped the Soviet Union had finally learned the lesson that improved relations could not be bought at the expense of the UK's security.

Warning on disruption to alliance, Page 2

Greece arrests three for spying

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Government announced last night that two computer engineers employed in the private sector and a navy lieutenant had been arrested on charges of spying for the Soviet Union.

The arrests came 34 months after disclosures about Soviet intelligence activity in Greece, reportedly made by Mr Sergei Rokhan, a First Secretary at the Soviet embassy in Athens, who defected to the U.S. at the end of May.

The Soviet diplomat is said to have been familiar with the activities of Soviet intelligence in Greece and in his briefing reportedly disclosed the involvement of Greek military personnel and private citizens in spying for Moscow.

The Interior Ministry announced

yesterday that Mr Michael Megalociconomou, a computer engineer, working in Greece for ITT, Hewlett Packard and Standard Electric, and Mr Nikos Pispoulis, described as a computer businessman, both "collaborated with members of the official Soviet representation in Greece." They have been charged with spying for the Soviet Union and violating state secrets.

A separate announcement by the Defence Ministry said that Mr Vasilis Serapoulos, a lieutenant employed in the records office of the naval command until being transferred to a less sensitive post last August, was arrested three days ago for questioning regarding leaks of information "vital to the national interest of a foreign power."

Greece will be urged to demonstrate that it is acting to plug security leaks to the Soviet Union when a team of U.S. State Department and Pentagon officials arrive in Athens later this month, to initiate discussions on the signing of a General Security of Military Information Agreement.

American anxiety over leaks of military technology from Greece to the Soviets was reportedly aroused by Mr Rokhan's revelations this summer, and this is understood to be the cause for a delay in the approval by the Pentagon of an export licence for 40 F-16 fighter aircraft for the Greek Air Force. Conclusion of the information agreement is understood to be a prerequisite for the approval of the licence.

Hernu defends French forces against Greenpeace allegations

Continued from Page 1

still had taken no action to remedy the "deficiencies" in the secret services as pointed out by M Laurent Fabius, the Prime Minister, at the beginning of the month.

M Hernu yesterday described his approach as being marked by "confidence and integrity." He said he would not allow the reputation of senior officers to be called into question.

In taking such an uncompromising stand, in the face of considerable circumstantial evidence, M Hernu is evidently counting on the opposition supporting him in defence of the armed forces and France's nuclear interests.

● The Government in general was yesterday facing up to the Greenpeace storm with a stiff upper lip. Most ministers were smiling as they emerged from the weekly Cabinet meeting over which the affair hung like a nightmare.

Mme Georgina Dufoix, spokeswoman for the Government, said yesterday that the administration's only concern was "to establish the truth." This followed M Hernu's formal denial on Tuesday night that a third French team had been involved in the sinking of the Rainbow Warrior. He also said that his Ministry had certainly not given orders for the ship to be blown up.

There is no doubt that President François Mitterrand's administration has been badly shaken by the allegations made in Le Monde. Newspapers like Liberation, normally sympathetic to the Government, carried front-page headlines yesterday morning that bore the word "lies." Le Monde returned to the attack last night asserting that M Hernu's statement on Tuesday had not begun to answer the discrepancies in the official account of the incident.

The second round of the Greenpeace affair is potentially far more serious for the Government than

the first. The first round brought the DGSSE under suspicion. Many in France were prepared to shrug their shoulders at the incident, in which a Portuguese photographer died, because the French nuclear deterrent - and hence France's security interests - was involved.

The "second round" brings additional evidence, apparently tending to confirm that the French secret services were responsible. But the accusations go well beyond that. In addition to the claim that M Hernu and the three senior officers led by the official inquiry, M Mitterrand is implicated because as President he is head of the armed forces - a role on which he much insists - and thus responsible for his immediate subordinates.

However, according to Le Monde, the President is also implicated because he was "alerted" by M Pierre Joxe, the Interior Minister, on about July 18, eight days after the sinking regarding the involvement of the DGSSE in operations in New Zealand.

It is still not clear exactly what M Joxe told M Mitterrand but the inference is that the President already knew a great deal before setting up an inquiry whose "official" purpose was to get to the root of the affair.

The combination of alleged lies and "covering up" in leading the French press and opposition to speak of another "Watergate." The charge against M Mitterrand in its extreme form, as formulated by M Roger Chénard, a right-wing deputy, is that "he has lied to the French more than Richard Nixon did to the Americans."

The dragging of M Mitterrand's name into the affair is threatening his goal of establishing a foreign policy consensus that will reinforce his domestic position. It could undermine his prestige in advance of the critical dual he will conduct

next year when he attempts to keep the Socialist flag flying at the Elysée Palace if the right wins a majority in the National Assembly.

The most immediately worrying factor for the Government, however, is loss of credibility. M Hernu's statement on Tuesday was treated sceptically by the press. It was also greeted sceptically by many in the Socialist Party including the former government spokesman, M Max Gallo.

The Le Monde journalists who prepared the report are considered by Socialist officials as "serious" and having access to well placed sources. There is little doubt that Le Monde - which is sometimes dubbed unkindly by the opposition as the government's "Pavlov" - would not have put the article on its front page and returned to the attack yesterday if it had serious doubts about the authenticity of its information.

Pressure on the administration from the Socialist Party to pursue more detailed enquiries has been fanned by recent statements by M Fabius, emphasising the Socialist's concern for moral values and their determination to discover who the culprits are.

The Government seems to have two ways of getting itself off the hook. The first is to rebut the Le Monde claims by naming those who it believes responsible. Until now the Government has maintained it had no additional information; but last Friday officials at the Elysée were saying that they had their suspicions.

The second lies in accepting Le Monde's findings and punishing those responsible. The difficulty with this route is that with less than six months to go before a parliamentary election, the Government has no wish for a purge that could go right up to the Elysée Palace itself.

Warburg launches issue of stripped UK gilts

By Maggie Urry in London

ZEBRAS galloped into the Euro-bond market yesterday as S. G. Warburg resurrected the idea of zero-coupon bonds backed by UK Government securities. The first attempt at gilt stripping, made by Quadrax Securities last month, failed, but this issue looks likely to succeed.

The zebras - zero-coupon Euro-sterling bearer or registered accruing securities - are backed by four gilt-edged stocks maturing between 1992 and 1998 and paying coupons in January and July each year.

They will be held by a Dutch company which will issue the zero-coupon bonds.

Seven of the coupons and the four principal amounts are being sold at a discount as zero-coupon issues. A few of the coupons are being rolled into the principal amounts to add to the size, and

DETAILS OF ZEBRA ISSUE

Principal value	Issue price	Redemption date
£25.0m	79.15	25/1/88
£25.0m	75.15	25/7/88
£25.0m	71.15	25/1/89
£25.0m	67.15	25/7/89
£25.0m	63.15	25/1/90
£25.0m	59.15	25/7/90
£25.0m	55.15	25/1/91
£25.0m	51.15	25/7/91
£25.0m	47.15	25/1/92
£25.0m	43.15	25/7/92
£25.0m	39.15	25/1/93
£25.0m	35.15	25/7/93
£25.0m	31.15	25/1/94
£25.0m	27.15	25/7/94

hence the liquidity, of these portions. The pre-1988 coupons have been sold separately.

The issue proceeds total £242.5m, while the redemption amounts total £193.4m.

The structure of the issue is more sophisticated than the Quadrax issue, and solves many of the problems which that deal brought to light. Quadrax found that the individual coupons were hard to sell, while there was good demand for the corpus, the principal amount. By taking four gilts, Warburg is increasing the proportion of the total issue which comes as the more attractive parts.

The issue was also carefully pre-syndicated to ensure a smooth launch, and the major market-makers in Eurosterling paper are heavily represented in the eight-strong group. However, the bonds are still unattractive to UK taxpayers.

Fees range from 1.5 per cent of the face value on the shortest issue to 1.1 per cent of the longest. Demand yesterday was sufficient to take out some of the bonds completely, while the others were trading within the fees.

See Lex; Eurobonds, Page 19

Co-founder of Apple resigns

Continued from Page 1

his plans to manufacture computers.

In a letter addressed to Mr Mike Markkula, Apple's vice-chairman and former president, Mr Jobs claimed that Apple's board "appears to be adopting a hostile posture toward me... accordingly I must insist upon the immediate acceptance of my resignation."

"I find myself both saddened and perplexed by the management's conduct in this matter, which seems to me contrary to Apple's best interests."

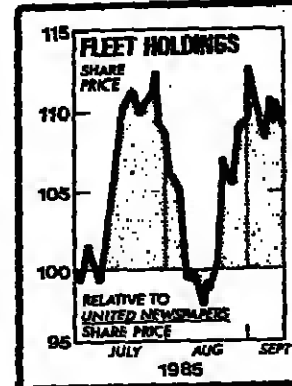
Mr Markkula, said, however, that "as chairman of the board Mr Jobs is responsible for protecting Apple and acting in the best interests of the company. In light of recent events, the board continues to evaluate what possible actions should be taken." The company has consulted its lawyers.

For Apple, Mr Jobs' public statements have come as a severe embarrassment. "Sometimes it leaves me feeling like I'm living in a real-life version of television's Dynasty soap opera," Mr Sculley said on Tuesday.

Dissension between Mr Jobs' Macintosh division and the Apple II division is believed to be at the root of Apple's current problems. A conflict between Mr Jobs' role as company chairman and booster of the Macintosh sometimes at the expense of Apple's other products, emerged over the past year as Apple managers complained that the Apple II division did not receive due acclaim.

Mr Jobs is expected to fund his new company with cash raised from the sale of Apple stock. In recent weeks he has announced plans to sell Apple shares worth approximately \$10m. He currently holds a 9 per cent stake in the company. Apple's shares were \$1 higher at \$104 at the close yesterday, against a high of \$80 two years ago.

THE LEX COLUMN Fleet in its battle order



these gilt-backed zero coupon securities would be of interest only to offshore or gross funds, Warburg was able to concentrate its marketing effort in the right places. And for Warburg to call on the full weight of Alroy and Rowe & Pitman cannot have harmed the Zebra's chances; a forest of the new gilt-edged market. But how you price things is as important as who you are; compared with Quadrax's "Stages," the shorter-dated Zebras (which represent the gilt coupon payments) are much more generously discounted, while the longer-dated Zebras (the principal repayments) are enlarged by rolling in part of the interest stream.

Though the City Zebras may not multiply very fast, yesterday's marketing suggests that they at least have greater survival potential than Stages.

UB/Olives

The market has chewed its way through a good deal of United Biscuits paper lately and was rewarded yesterday with yet another helping: a £30m placing to finance the purchase by UB of a Californian olive business. Fortunately for UB, the deal is such an evident bargain that there seems no danger of the market choking - beyond marking the share price down 3p yesterday to 170p.

The seller, Early California Industries, is in some distress: swamped by import competition in its rice and bulk wine businesses; it is seeking to reduce a crushing level of debt as a prelude to a buyout. Whatever the earnings multiple, a perfect market would place on green and black cocktail olives, maximum price of \$73m does not

look opulent for a business that made \$10m before tax in the year to last March, is growing at roughly 10 per cent a year (plus permitting) and has relatively low requirements for fixed or working capital.

On a cash basis, Early California Olives would cover its financing costs both in the last quarter of this year and next year; and that still leaves something to gain if olive distribution can be fitted in with the products of UB's San Francisco operation, Specialty Brands. It may not matter that the olives seem to have been bought because, like Everest, they were there; but in branching out at this stage of the U.S. soft cocktail war, UB is displaying a safety confidence that will need to be justified by events.

Woolworth

Yesterday's results from Woolworth, while hardly wondrous, were reasonable enough to keep the sellers in the rest of the market at bay. Free-tax profits have risen to £7.5m from next to nothing in the first half of last year; but since Woolworth earns almost all its profits in the second half, these figures do little more than give a shadowy outline of the way the new-look group is heading.

B&Q confirmed its position as one of the retail sector's stars, with profits up 37 per cent - and not just through opening new stores. Comet, on the other hand, earned no more in the six months than it did in half the time last year. If Comet's performance indicates Woolworth's skill in acquisition, shareholders may prefer the proceeds of May's rights issue to be spent on existing businesses.

The F. W. Woolworth stores managed to bring their losses down from £25m to £15m, pointing to the prospect of a small profit for the full year. Woolworth is still faced with the problem of how to make a half-year decent return on turnover of over a billion pounds in retailing.

Its tentative solution is to invest heavily in refurbishment, to focus the stores only on their successful ranges and to improve their merchandise. But even if Woolies does find a workable formula, there are still nearly 800 candidates for beautification. And the shares, unchanged yesterday at 480p, imply a prospective p/e in the mid-teens, a rating that seems to underestimate the size of the task.

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Area	°C	°F	Area	°C	°F
Algeria	26	79	London	27	81
Amman	26	79	Madrid	28	82
Amman	26	79	Moscow	28	82
Amman	26	79	Paris	27	81
Amman	26	79	Rome	28	82
Amman	26	79	Stockholm	28	82
Amman	26	79	Toronto	28	82
Amman	26	79	Washington	28	82
Amman	26	79	Yokohama	28	82
Amman	26	79			

EEC spending row

Continued from Page 1

Both Spain and Portugal had argued for extra spending to be included in the budget to ensure that they are not in deficit in their first year of membership. Officials expressed disappointment that nothing had been done to answer their case.

In the event, the figures allowed for the social and regional funds are less than the proposals submitted by the Commission for the 10 member-states, let alone for 12.

The only area where there was minimal disagreement was the largest single item - the Ecu 21bn proposed for the Common Agricultural Policy to support farm prices.

That figure includes a provision of Ecu 570m for the two new member-states, although in real terms the total will only rise by an equivalent 2.4 per cent compared with 1985.

The British budget rebate of Ecu 1.4bn was also approved without argument in line with the budget settlement reached at the Fontainebleau summit last year.

The whole budget is based on the assumption that all the member-states will ratify an increase in their contributions to Brussels, from the present 1 per cent value-added tax (VAT) ceiling to 1.4 per cent. The British contribution will remain below 1 per cent.

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Company chiefs' pay—the £221,000 question

BY MICHAEL DIXON

DOES IT PAY an ambitious executive better to seek a top job in a United States multinational subsidiary rather than in a company owned elsewhere? The question is topical because of the controversy over the settlement made by Standard Telephones and Cables with its recently resigned chairman and chief executive Sir Kenneth Corfield.

His £221,000 basic salary—which the company is to go on paying him until he reaches normal retirement age next January—is thought by some STC shareholders to be too high. Moreover there are signs that the same view is shared by Lord Keith of Cardifore, who has temporarily taken over STC's top post.

Lord Keith told his shareholders the other day that one reason why Sir Kenneth receives so much is that his salary still reflects the pay policy of the U.S. multinational ITT, which until three years ago had the controlling interest in STC. The American group's policy was apparently to reward top people in its overseas subsidiaries in line with the higher executive pay levels of its home land.

Is the same policy adopted by U.S. multinationals in general? The answer is evidently yes, at least where the top two ranks in the subsidiaries are concerned. That information

comes by courtesy of the British arm of the international management consultancy Towers, Perrin, Forster and Crosby, which today publishes its latest report on pay and benefits practices across the globe. It also happens to have been called in by STC to help to sort out the troubled company's executive rewards structure.

Although professionally barred from commenting on STC's case, the consultancy tells me that for the past half dozen years it has kept track on some 70 U.S. groups' subsidiaries in Britain.

In terms of total cash earnings—salary plus incentive bonuses and the like—these subsidiaries' chiefs have consistently been paid about a third more than their counterparts in companies not owned in America. Executives at the next rank down typically do better by 15 to 20 per cent. Below that there tends to be no significant difference.

The highest rankers in British companies are catching up a bit. The reason is that part of the gap is accounted for by the performance bonuses which U.S. groups, unlike those owned elsewhere, have long been paying to their top people. Now British companies are increasingly following suit, some of the difference is disappearing.

But since the incentive payments never covered more than about 15 per cent of the gap, American subsidiaries' chiefs are typically a good deal better off in terms of basic salary.

While Sir Kenneth Corfield might have been on less than £221,000 basic if it had not been for ITT's former ownership, his salary is nevertheless low by the standards of the U.S.-based chiefs of comparable American companies.

STC's turnover in its last full accounting year was £1,978m, or at current exchange rates almost £2,650m. According to the latest checks of the international Wyatt consultancy group, the average basic salary of U.S. chiefs of companies in the £1bn-£2bn turnover bracket is the equivalent of nearly £282,000. The average of those leading companies of more than £2bn annual sales is over £350,000.

I have been unable to obtain corresponding figures for the chiefs of comparable British companies. Concerns STC's size are so few that reliable pay statistics for their chiefs cannot be calculated, says Peter Stevens of the Remuneration Economics consultancy.

In terms of total cash pay rather than just basic salary (Sir Kenneth Corfield's total in his last full year was £297,000)

THE GAP BETWEEN TOP OFFICE AND SHOPFLOOR

Country	Total cash rewards of typical chief executive	Total cash rewards of shopfloor manufacturing worker	Years of shopfloor work needed to equal chief's total
Australia	58,616	14,478	4.05
Sweden	58,616	14,478	4.05
Canada	90,300	18,098	4.99
Netherlands	74,658	15,473	5.53
West Germany	85,547	15,082	5.67
Italy	44,539	11,443	5.71
Belgium	82,379	14,076	5.85
France	72,074	11,361	6.47
United Kingdom	48,200	9,230	6.51
Switzerland	112,479	15,082	7.46
Japan	79,211	10,054	7.88
United States	151,021	20,169	7.98
Spain	49,200	7,441	8.09
Argentina	57,032	3,620	15.75
Singapore	76,042	3,821	19.90
Hong Kong	52,941	2,413	22.32
Mexico	76,042	2,614	29.09
Venezuela	82,379	2,614	31.51
Brazil	66,537	1,810	36.76

the rewards of heads of British groups around the £2bn turnover mark vary widely. Richard Giordano's last full year's total as chief of BOC was £771,600 for instance. Derek Palmer's, as head of Bass, was £112,162. So it seems impossible to judge whether the former STC chairman's £221,000 basic is above the true going-rate for the top post in the British concern of comparable importance. The best answer, as Peter Stevens says, will be how much the company has to pay to bring

in a new permanent chief to take over from Lord Keith.

Before we leave the topic of international pay comparisons, readers might like to scan the table above which I have compiled from the Towers, Perrin, Forster and Crosby report. For each of the 19 countries the table takes the total cash rewards of a typical chief of a £75m-turnover company and compares them with the corresponding rewards of a typical manufacturing worker in the same land.

The right-hand column graphically illustrates the relative differences between richer and poorer in various nations. As you see, the time the shop-floor worker has to put in to match the total of the same country's chief ranges from 4.05 years in Australia and Sweden to the best part of a working lifetime in Brazil.

New venture

GEOFFREY KING of Cambridge Executive Search seeks someone who combines business leadership talents with thorough understanding of the very latest electronics technology as managing director of a new venture. The job, based in Cambridge, is to take up a business plan and a readily recruitable team of engineers and swiftly create a company capable of exploiting a new process with an estimated international market potential of \$150m a year.

Salary up to £40,000 plus up to a tenth of founders' equity. Other perks include a car. Mr King—whose address is 1a Rose Crescent, Cambridge CB2 3LL; telephone 0223 311316—may not name the people behind the project. So he promises to elude by any applicant's request not to be identified to them at this stage.

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Due to a high level of demand from our clients, which include leading Merchant Banks, Investment Banks and Stockbrokers, we are seeking experienced Corporate Finance. Interested applicants are likely to be: either graduates with a professional qualification and experience of domestic transactions, including stock exchange listings, rights issues and M & A work or investment bankers with exposure to debt financing, knowledge of Eurobond documentation, product development or marketing of sophisticated capital market instruments.

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££Exceptional

Our client, one of the foremost names in the Eurobond market, seeks a high calibre trader with at least twelve months experience in either dollar straight or FRNs. This experience should have been gained in a recognised market making house. This is an excellent opportunity for a 'fast move' and remuneration for the successful candidate will be highly competitive.

For a confidential discussion of these positions please contact Robert Digby, Christopher Lawless or Stuart Clifford.

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16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073



Development Capital Executives

GRESHAM TRUST p.l.c. one of the leading City institutions providing long-term capital for medium-sized private companies, require a Senior and Junior Executive for key appointments in their expanding management team.

The rôle of the Senior executive, who ideally will be aged 30, will involve appraising investment opportunities, negotiating appropriate terms and conditions and the monitoring of performance, as a non-executive director, of companies within the Group's investment portfolio. The Junior Executive, aged 25, will be expected to assist

In the appraisal of unquoted companies seeking permanent capital.

The successful candidates will have had several years' experience in a similar institution or possibly with appropriate training in a firm of solicitors or accountants.

Please write in complete confidence with full career details to:

Norman F. Baldock, Managing Director
GRESHAM TRUST p.l.c.
Barrington House, Gresham Street, London EC2V 7HE

Merchant Banking Group

Group Financial Director

Our Client is one of the foremost Merchant Banking Groups in the City of London. Their interests now include traditional Merchant Banking activities, a strong presence in International Capital markets and a substantial involvement through acquisitions in International Stockbroking and Market Making.

The Bank sees its future as a large integrated International Investment Bank providing the full range of banking, securities trading and investment management services worldwide.

Our client currently seeks a Group Financial Director who will play a major part in the integration and development of their businesses over the next few years. This is a new appointment and one which will report directly to the Chief Executive.

The position calls for a person in their late thirties or early forties who combines a sound technical knowledge of modern accountancy practice with an understanding of the changing nature of the international banking and securities industries.

Such a person may already be working within the Banking scene or alternatively may be a Partner in a major International Professional Accountancy or Consultancy practice. It is also possible that he/she could be the Financial Director of a major public company. Personal qualities are of particular importance in this role and an exceptionally high degree of commitment and capability is called for. The initial remuneration is open to some negotiation but is, in any case, unlikely to be less than £70,000 and, in addition to this, there will be the normal banking benefits.

Please write in confidence to Colin Barry, Senior Partner, Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Telephone: 01-248 0355. Please include a detailed and specific curriculum vitae stating achievements to date and current remuneration.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

ST HILDA'S COLLEGE, OXFORD

Appointment of Treasurer

Applications are invited from men and women for the full-time post of Treasurer in this women's college from 1st January (or as soon after as possible) to be responsible to the Governing Body for financial planning and control. Experience of financial management and administration is essential.

Full particulars should be obtained from the Principal

St Hilda's College
Oxford, OX4 1DY
to whom applications (8 copies) should be submitted by October 11

FINANCIAL FUTURES

A City-based international commodity trading house requires a FINANCIAL FUTURES ACCOUNT EXECUTIVE. Continuous expansion of the company's activities in the futures and options markets both in London and the U.S.A. creates this opportunity for an enterprising, dynamic personality to maintain current client contacts and to seek new relationships.

Candidates should apply in confidence with full c.v. to Box A.9120, Financial Times, 10 Cannon Street, London EC4P 4BY.

International Capital Markets

SENIOR MANAGER

£25-30,000 + Car + Benefits

Our client, an international bank, is rapidly expanding its activities in the provision of new fee generating business.

A recent reorganisation within the bank has created the above position, representing a key rôle within a specialist division, which is responsible for secondary as well as primary market activity in commercial and sovereign loans. Applicants for this challenging rôle will be graduate bankers aged under 35 years who have sound international credit and marketing skills, particularly in the area of corporate financial services, together with fluency in at least one other European language. Previous asset trading and swaps experience will obviously be a distinct advantage.

The bank views this as an outstanding opportunity which offers attractive prospects for personal development. It demands a highly motivated and numerate individual with creative commercial flair. An attractive salary within the above range will be negotiable according to experience together with an excellent bank benefits package.

Please contact Leslie Squires.
Telephone 01-583 6644 or send a detailed Curriculum Vitae to him in the strictest confidence at the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists,
127 Cheapside,
London EC2V 6BU

Anderson, Squires

TRAINEE BROKER

A VACANCY HAS ARISEN FOR A TRAINEE BROKER

The successful applicant will be aged 20+ and of a smart appearance. No previous experience necessary as full training will be given. For a confidential interview telephone

Richard Admiral on 01-283 7230

Appointments Wanted

Ambitious and innovative

UK Fund Manager

(OR, M&A FINANCE) with major international bank seeks similar position with prospects. Client presentation, strategy development, general admin etc. Write Box A.9120, Financial Times, 10 Cannon Street, London EC4P 4BY

Three experienced, hardworking,

SENIOR CREDIT ANALYSTS

looking for new challenge. Would be interested in hearing from recently or well-established London-based banks who desire an off-champ credit department to effectively support their growing marketing efforts. Write Box A.9120, Financial Times, 10 Cannon Street, London EC4P 4BY

Management Consultancy

P-E is one of the largest and fastest growing management services businesses in the country. Our clients range from small high technology companies to large national and international groups, nationalised industries and government departments. We now have several opportunities for suitably qualified personnel to join our Business Consulting Practice. This Group provides strategic planning assistance to major clients and is engaged in cost structure and organisation reviews, the development of management control and management achievement plans.

These positions offer excellent employment conditions with an attractive benefits package including non-contributory pension, car and performance related reward.

Senior Sales Executive (Ref. SS)

This is a senior position within the Practice as part of a small dedicated team. The rôle is concerned with obtaining additional business by further penetration of existing markets and the expansion into new sectors. Applicants should have a good knowledge of management consultancy, successful selling experience and the ability to sell high quality management consultancy services at board level.

Business Development Leader (Ref. BD)

To develop our expanding activity in the overall business development of our clients and assist them with their long term strategies. The rôle will involve both the management of client projects and the assistance in the growth of the client base. Senior consultants with good industrial and commercial experience are invited to apply. They should possess a first degree or equivalent and an MBA would be an advantage.

Business Consultants (Ref. MC)

Several vacancies exist for business consultants working at boardroom level and providing assistance on the development of company strategies and cost effective organisation structures. This rôle requires good analytical skills, sensitivity and the ability to communicate clearly and persuasively. Suitable applicants will probably be in their early 30's, with a background in several business environments. They should be numerate and possess a first degree or equivalent qualification.

Please apply, with a CV and quoting the reference, to Alan Marshall, Managing Director, General Management Consulting Division, P-E Consulting Group Ltd, Park House, Wick Road, Egham, Surrey, TW20 0HW.

P-E Consulting Group Ltd

PE

OFFICE SERVICES COMMUNICATIONS INVESTMENT BANKING

c. £11,000.00

For this new position we invite applications from candidates aged 28-35 with at least 3 years' practical experience dealing with all aspects of the ordering of supplies and maintenance of equipment and office services.

The successful applicant will report to the House Services Manager and will be expected to adopt a "sleeves rolled up" approach with the principal responsibilities being maintenance of premises, equipment and office services, ordering stationery and other supplies, control of messengers, basic communications and cost control of these areas. Good communication and supervisory skills are essential. An excellent remuneration and benefits package is payable to the successful applicant.

Please write in confidence, enclosing a curriculum vitae, to Box A.9131, Financial Times, 10 Cannon Street, London EC4P 4BY

LEADING CITY STOCKBROKER, PART OF MAJOR FINANCIAL GROUPING, SEEKS

INVESTMENT ANALYST

to join established team in food manufacturing/tobacco/retailing. Applicants are likely to have gained specialist research experience in one or more of these sectors with a stockbroker or investment institution, or will be working in a financial capacity within one of the industries. They will possess the analytical and communicative skills needed to prepare reports and to market research-based ideas to institutional clients.

Competitive salary plus profit sharing. Excellent prospects. Write, in confidence, with c.v. to Box A.9108, Financial Times, 10 Cannon Street, London EC4P 4BY, giving names of any firms to which applications should not be forwarded.

EF Hutton

COMMODITIES, MONEY MARKETS, AMERICAN SECURITIES
Account Executives and Sales Assistants
with established Middle Eastern contacts

Here in London, in both our City and West End offices, we are extending our services for the Middle East.

We are therefore looking for individuals with substantial commodities, money market and US securities experience PLUS established Middle East contacts; any Arabic speaking ability will be an advantage as will a CBT or NYSE qualification.

If you have a familiarity with American brokerage work style, and have a significant contribution to make to E.F. Hutton then we will negotiate a remuneration package which will attract the best talent available in the market.

Please write in strict confidence to:

Administration Director
E.F. HUTTON & CO. (LONDON) LTD.
Princess House, 152-156 Upper Thames Street, London EC4
Tel: 01-623 0800

Major US Bank UK Marketing

As a result of continued expansion in its commercial banking activities our client, a New York money centre bank, currently seeks additional marketing executives for two of its London based business development teams. The bank has a considerable international presence and, with its extensive product range, is a market leader in many fields.

* Aged 28-35 you must have extensive marketing experience at a senior level together with full credit skills. You will have developed a sound understanding of all major bank products including lending, foreign exchange and capital markets. As Assistant Vice President level, you will join a long established and experienced team, taking full responsibility for an industry sector.

* Aged 26-30 with US bank credit training you must have at least 2 years' marketing experience, preferably dealing with the UK subsidiaries of US multinationals. Working within the corporate group you will be actively involved in a successful team marketing capital markets, treasury and traditional banking products to these subsidiaries. With full account responsibility you will be expected to utilise the full resources of the bank to service existing customers and develop new business.

Salary packages including banking benefits in each case are competitive and will be negotiated according to ability and experience. Those interested should contact Christopher Smith on 01-404 5751 or write to him, enclosing a comprehensive curriculum vitae, at 23 Southampton Place, London WC1A 2BP, quoting ref: 3547.



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International Recruitment Consultants - London Brussels New York Sydney
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MONEY MARKET DEALER £20,000/£25,000
Sharp, aggressive Dealer with potential for rapid career development is required by this international bank enjoying a first class reputation. Joining the Money Market Section of 8 you must have considerable depth of US Deposits experience and also have traded C.D.'s and F.R.A.'s (Sterling and Futures knowledge also an asset). Applicants with the appropriate background and attributes should be in their mid 20's.

Please contact Paul Trumble

OPERATIONS MANAGER £25,000/£30,000
For new bank opening Spring 1986. This is a key appointment requiring a person of high calibre and extensive 'hands on' operations experience - computers, dealers back-up, accounting. Previous set up experience would be highly advantageous for candidates who should be in their mid to late 30's.

Please contact Paul Trumble

MONEY MARKET/BOND SETTLEMENTS c£20,000
One of the City's biggest investment banking firms is seeking an additional executive at Assistant Manager level. Prime responsibility will be for daily management of the trades processing area in the capital market support group. Previous experience must be from the securities industry and cover the settlement and control procedures for a wide variety of instruments.

Candidates are expected to be skilled man-managers, highly ambitious and seeking early opportunities for further responsibility.

Please contact David Little

PERSONNEL OFFICER to £18,000
Major international bank in the City has a new opening for a young personnel professional aged between 24 and 32. Candidates must have banking experience. The position reports to the Head of Personnel, responsibilities will be for recruitment, employee benefits and welfare, with some involvement in compensation and training.

An important aspect of this appointment will be the introduction of someone who will enhance the creditability of a proactive personnel function.

Please contact David Little

Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 01-626 1161

Invest Your Ability

Fully utilise your proven investment experience and contribute to the success of this expanding and progressive financial services group. They operate through specialist companies involved in life assurance, pensions, unit trusts, banking and investment services and are now seeking additional Investment Managers in the following areas:

Far Eastern Funds

The unit trust company with over £13 billion under management offers a wide range of funds in the UK and internationally and has developed an excellent reputation for consistent long term fund performance. You will join an existing fund manager covering the Far East and take responsibility for the portfolios of three Far Eastern unit trusts.

In your mid to late twenties you will have two or three years investment experience in the Far East either as a fund manager or analyst. You will enjoy working within a team framework yet be capable of making independent investment decisions.

Ref: 1348

Both positions are based in the West End and offer excellent career prospects together with competitive salaries and company benefits which include a company car, non contributory pension scheme, free life assurance cover, BUPA and profit sharing scheme. Please telephone or write quoting the relevant reference number in complete confidence to Barbara Lord, Senior Consultant, Cripps, Sears & Associates Limited, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701.

Private Client Portfolios

Reporting to the Managing Director you will have full responsibility for managing a portfolio of clients comprising private individuals, family trusts and small institutional funds. A key aspect of your role will be to develop new business opportunities and promote the company's services to potential customers.

In your thirties you will have a sound background in investment gained in a fund management company or private client department of a stockbroker or merchant bank. Enthusiastic and outgoing you are a good communicator and will be attracted by the chance to influence the company's development.

Ref: 1347

Cripps, Sears

Capital Markets

Excellent Packages

Our client is a major force in the International Capital Markets. They are keen to talk to self-motivated individuals who, having some futures, bonds, or swaps experience, now seek the scope to progress on merit. Please contact Simon Kennedy or Fiona Stephens, who will treat all enquiries in confidence.

Kennedy Stephens

International Recruitment Consultants

41 Carter Lane, London EC4V 5EX, 01-236 7307

Associates in New York and Tokyo

Courtaulds Pension Fund Investment Fund Manager

An experienced investment manager is required to manage the Courtaulds Pension Fund which has a value of over £500M. The fund has shown consistent good performance over 15 years and the trustees are seeking a manager under whom this level of performance will continue.

The portfolio is equity oriented both in the UK and overseas but also includes fixed interest, index linked and direct property. The location is the head office of the Group in Hanover Square, London W1.

Candidates must have had a record of good performance in a senior position in investment management.

An attractive salary will be offered to the right applicant.

Please write in confidence giving full personal particulars and details of experience to: A. G. Beaumont, Group Management Development Department, Courtaulds PLC, PO Box 16, 345 Foleshill Road, Coventry CV6 5AE.

COURTAULDS

Fund Management

Our client, a leading City based financial group, has a vacancy at a senior level, in the Investment Department. This vacancy provides the opportunity for applicants with fund management experience to join a small team responsible for the active management of both trading and long term international investment funds.

Applicants, male or female, should ideally be in their late 20's or early 30's and be graduates or professionally qualified. Applicants must have had experience with either a financial institution or stockbroker. A good knowledge of Far Eastern markets, particularly Japan is essential as is an ability to trade and research on own initiative. Applicants with less than five years' relevant experience would not be suitable for this appointment.

Salary will reflect the high personal qualities required. Attractive conditions of service include a generous mortgage interest subsidy scheme, company car and assistance with relocation if necessary. Confidential Reply Service: Please write with full CV quoting reference 0955/OT on your envelope, listing separately any company to whom you do not wish your details to be sent. CV's will be forwarded directly to our client, who will conduct the interviews. Charles Barker Recruitment Limited, 36 East Street, Bromley, Kent BR1 1QS.

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Forward Trust Group, a member of the Midland Bank Group is a dynamic market leader providing financial services to both the industrial and commercial sectors throughout the UK.

We are expanding our activities in vendor sales aid through a policy of innovation and growth and we wish to appoint a Senior Manager to spearhead these developments through leadership of our Manufacturers & Suppliers Schemes Department.

This is a key position demanding an experienced Manager with creative drive and ability. Responsibilities include developing sales support schemes for capital equipment in growth industries and overall control of specified accounts.

You should have in-depth knowledge of Finance House operations - particularly leasing activities - together with experience of high-level negotiation with major companies. Heading a team of negotiators, you will provide a focal point for the negotiation, development and control of specially designed sales aid schemes for major corporate accounts.

We offer an attractive package to £35K including company car, non-contributory pension, subsidised mortgage and other banking benefits.

Please write with full CV and details to: Paul Birch, Personnel Manager Operations, Broad Street House, 55 Old Broad Street London EC2M 1RX.

Foreign Exchange Dealer

HOLBORN, LONDON

c£17,500

British Gas wishes to appoint a foreign exchange dealer to be responsible for handling its foreign exchange exposures, together with the operation of its U.S. commercial paper programme in New York.

This appointment offers an opportunity to join a forward looking and commercially orientated Treasury department whose range of activities is likely to expand in the coming years.

The successful applicant is likely to have obtained several years experience of foreign exchange dealing in a financial institution or major company. The preferred age range is 25-35 and a degree or professional qualification, although not essential, is highly desirable. Benefits are those normally expected of a large progressive organisation, including assistance with relocation expenses where appropriate.

To apply please write with full career details, and quoting reference FRN/00050/002, to: The Personnel Manager, British Gas, 59 Brynston Street, London W1A 2AZ.

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Capital Markets Traders

Standard Chartered Merchant Bank is seeking to make further key appointments in its rapidly expanding Capital Markets Division. The requirements are for one Senior Trader in Floating Rate Notes and two Fixed Rate Securities Traders.

The successful candidates will have proven market making capabilities and an established track record of successful trading, preferably with one of the major institutions in the market.

A competitive remuneration package is offered together with the normal banking benefits.

Written applications, accompanied by a full curriculum vitae, should be sent in confidence to:-

The Personnel Manager
Standard Chartered Merchant Bank Limited
33-36 Gracechurch Street
London EC3V 0AX.

Standard Chartered
Standard Chartered Merchant Bank Limited

BUSINESS DEVELOPMENT AND FINANCE DIRECTOR

Expanding Capital Goods Group
£30,000-£40,000 +

This group of companies, turnover £50m-£70m, is a world leader in a sophisticated market sector. It is expanding by development and by acquisition in the UK, US and other parts of the world. It is itself a part of a major UK engineering plc which is making funds available for its development. Control systems are an important area.

Your job would be unusually wide in scope. Key tasks would be planning, and assisting with implementing, the world-wide business development of a group of autonomous companies and providing financial guidance to their financial directors. Success in these tasks would lead naturally into senior general management.

You need to have held a senior position in finance or business development in a major manufacturing group. A qualification in accountancy, economics or business administration is needed. Age: 30-45. A salary of up to £30,000 will be paid. The excellent bonus scheme could raise the remuneration to £40,000 or beyond.

Your name will not be released until we have briefed you and you have given your consent. Please write to me, Terence Hart Dyke, consultant to the company.

Business Development Consultants (International) Ltd
63 Mansell Street, London E1 8AN



Money and Securities Broking

Butlers, leading international money brokers, is continuing to expand its operations in the money and securities markets and is looking for

Trainee Brokers

Successful applicants will have an outgoing personality, be self-assured and enthusiastic. They will be aged between 20-25 and will have had some exposure to The City.

Attractive starting salaries and excellent career prospects.

Butlers

Where markets meet

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Ann Margison, Butler Till Limited, Adelaide House,
London Bridge, London EC4R 9HN

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COMMERZBANK, London Branch, wishes to recruit a highly motivated, fully experienced banker of proven ability and impeccable judgment to market their corporate finance services in the U.K.

Heading one of several small teams and reporting direct to the branch management, the successful candidate will be responsible not only for looking after a portfolio of existing clients, but will also be expected to identify and develop profitable new business relationships. Duties will be comprehensive and will *inter alia* include the monitoring of credit exposures and the formulation of credit proposals to their successful negotiation and conclusion with customers.

The ideal candidate will therefore possess a comprehensive knowledge of current markets and their various instruments, in addition to sound critical judgment based on a solid credit analysis.

Applicants should be around 30-40 years of age, well-educated with qualifications and experience appropriate to the demanding nature of this position. A sound working knowledge of German would be advantageous.

Emoluments will include the usual range of fringe benefits and will reflect the importance of this appointment.

Please apply in confidence, enclosing a detailed C.V., to The Personnel Officer, Commerzbank AG, London Branch, P.O. Box 286, 10-11 Austin Friars, London EC2P 2JD.

COMMERZBANK

Credit Officer

International Banking

City based

not less than £21,000
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The London Office of The Hongkong and Shanghai Banking Corporation, part of The HongkongBank Group with assets in excess of £50 billion, is widening its credit services. The expansion has created a challenging opportunity for a Credit Officer in the Bank's Credit Division.

This is an important role marketing the Bank's extensive range of services to corporate clients throughout the UK. You will be part of a credit and marketing team at the forefront of developing the Bank's business.

Aged about 30 and, ideally, a graduate with the AIB diploma, you should have at least 5 years' corporate leading experience gained in a major bank. General credit skills, including the ability to research a market, to analyse a company's performance and to sell the Bank's services, are essential with a special emphasis on the ability to evaluate property-related proposals. Strong personal qualities, particularly self-motivation, determination and initiative are essential to assist the development of client relationships.

In addition to the salary indicated, an attractive benefits package includes non-contributory pension, car, low-interest housing loan and BUPA.

Please write enclosing full personal and career details to:-

International Recruitment Officer
The HongkongBank Group
PO Box 199
99 Bishopsgate
London EC2P 2LA
Telephone: 01-638 2366
Ext. 2922

HongkongBank

The Hongkong and Shanghai Banking Corporation

A career development opportunity in Treasury Co-ordination.

As one of the world's leading names in the design and manufacture of power generating plant, both conventional and nuclear, Foster Wheeler Power Products handle prime contracts that can range from £2 million to £60 million, located almost anywhere in the world.

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You will probably be over 23, part qualified and working towards MCT or a similar qualification.

It's an opportunity to play an important role in the treasury function maintaining banking accounts,

both UK and overseas, handling foreign exchange, advising on investments, short term borrowing and helping to further develop and implement new systems. Knowledge of contract financing, particularly for the export market, would also be useful.

This is essentially a cash management position which will involve you in a wide spectrum of corporate responsibilities and provide you with the opportunity to gain valuable experience, working in a small but vital department.

A highly competitive salary and benefits package is offered, with excellent prospects for early career development.

Please write enclosing a CV or full career details to: Nigel Urwin, Personnel Manager, Foster Wheeler Power Products Limited, Greater London House, London NW1 7QN Tel: 01-388 1212.



FOSTER WHEELER

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B & M—now affiliated to Credit Suisse—is a London firm of Stockbrokers with recognised areas of expertise in its coverage of the U.K. equity market.

We are seeking to recruit Institutional Salespersons to work within specialist teams including the Building/Industrial Holding and Chemical/Healthcare sectors.

Relevant experience gained with a stockbroker, merchant bank or investment fund management group would be an advantage as would good communicative skills and a lively personality.

Applicants should write enclosing a c.v. to:

Mrs. M. Smith
Administration
Buckmaster & Moore
The Stock Exchange
London EC2P 2JT

Hoggett Bowers

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The Client is a highly successful private company; Turnover: £50m with a market leadership position which is enhanced by its commitment to large scale investment in high technology manufacturing facilities. It manufactures steel structures and components for the construction industry, has a high export content and has established overseas operations in Europe. It is profitable with substantial reserves and a strong, established management structure. The plan is to become a Public Company within 2 years by appointing a Group Chief Executive with the expertise to achieve this; capitalise on the tremendous growth potential and become active in the area of acquisitions with a view to doubling the company in size within 5 years.

Aged 45-50 you should be an M.D. now with Divisionalised Public Company experience; you will probably have managed a multi-company operation and have a manufacturing orientated background. High levels of leadership are an obvious requirement, an engineering qualification is preferred. There is an attractive, negotiable benefits package.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to P.A. Adderley, Hoggett Bowers plc, 7 Lisbon Square, LEEDS, LS1 4LZ, 0532 448661, quoting Ref: 11662/FT.

MERCHANT BANKING Baring Brothers & Co., Limited

GILT EDGED AND FIXED INTEREST SALES EXECUTIVES

Barings, which through its associate, Wilson and Watford, will become a Primary Market Maker in the Gilt Edged Market, wish to recruit sterling fixed interest sales executives.

Successful applicants are likely to have a minimum of 2-3 years' experience covering domestic institutions in the sterling fixed interest markets.

INTERNATIONAL FIXED INCOME SALES EXECUTIVES

Continued expansion of Barings' activities in the International Capital Markets has created opportunities for executives to join our international fixed income sales team.

Successful applicants are likely to have had 2-3 years' experience in the International Fixed Income markets.

In both cases salary is negotiable. Other benefits include mortgage subsidy, non-contributory pension scheme and BUPA membership.

Applicants should write enclosing a c.v. to:

F.A.A. Caruath,
Director,
Baring Brothers & Co., Limited,
8 Bishopsgate,
London EC2N 4AE.



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Reflecting the importance of this position, an extremely attractive base salary is negotiable which will not inhibit outstanding candidates. Other benefits include a quality car, non-contributory pension, BUPA and highly preferential housing loan. To apply, please send a CV or write or telephone for an application form, to JOHN KITCHEN, Executive Search and Selection Division, at the address below, quoting Ref. G1341.

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20 Upper Ground,
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Tel: 01-633 0866

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Financial institutions sector to £35,000 + benefits

This new consultancy appointment is with PA Personnel Services' Banking and Finance Group in London which conducts senior-level search and selection assignments for financial institutions in the UK and overseas.

Our client base is diverse. It includes banks - foreign, clearing and merchant - insurance companies, finance houses, building societies and City investment firms. A feature in common is their pursuit of new business strategies to secure competitive advantage in the fast-changing market for financial services, both retail and professional.

Typically, PA is retained to search out the executive who will lead the client's new initiative: the work is demanding but provides our consultants with a unique perspective on the 'financial services revolution'.

Our aim is to appoint a self-motivated man or woman, aged 30-40, who has gained management recruitment experience in the sector, either in-house, as a line manager or personnel professional, or as a recruitment consultant.

A university degree or equivalent qualification is required. As the world's largest personnel consulting practice, operating in over 20 countries, we offer first-class career opportunities and the conditions of employment to match.

The starting compensation package, based on previous track record and experience, will be up to £35,000.

Please send a brief CV, in confidence, to Gary Gibbons, Group Manager, Banking and Finance Group, or telephone him to make any enquiries.

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Hyde Park House, 80a Knightsbridge, London SW1X 7LE
Tel: 01-235 6060 Telex: 27874

EUROBOND SALES

Leading International Bank is seeking a senior to the No. 2 position in its London Branch. Candidates should have a minimum of 10 years' experience in the UK and overseas, with a proven track record in the sale of Eurobonds to institutional investors.

MARKETING OFFICER

An international Marketing Officer is required by a leading international bank to develop UK and European business with major corporations and government bodies. Candidates, aged 25-40, should have strong business development and communication skills together with leadership potential. The salary and benefits package will fully reflect the importance and responsibilities of the position.

CREDIT & MARKETING OFFICER

Well-established bank, active in a wide range of syndicated loans and credit facilities, is seeking a senior (seniority 25-40) to work in a Credit Marketing role in the UK. The successful candidate will be responsible for developing and maintaining relationships with major UK and European corporations, and for securing new business through the bank's credit facilities.

MARKETING ASSISTANT

Our Client, a North American Bank with a highly successful London Branch, is seeking a Marketing Assistant to assist in the sale of Eurobonds to institutional investors. The successful candidate will be responsible for developing and maintaining relationships with major UK and European corporations, and for securing new business through the bank's credit facilities.

SENIOR FORWARD DEALER

This is a new, key appointment within the London Branch of a leading international bank. Candidates should have a minimum of 10 years' experience in the sale of Eurobonds to institutional investors, with a proven track record in the UK and overseas.

AUDITORS

Major North American Bank is seeking a highly qualified ACA to join its London based Global Auditing team. Successful candidates will be responsible for auditing major UK and European corporations, and for securing new business through the bank's credit facilities.

Our current assignments also include

Accounts Supervisor to £12,000
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The continued expansion of global funds under management and the anticipated further growth of the bank's Investment Management Division have created the current need for a senior level Portfolio Manager.

While working closely with the head of the Division in formulating the group's investment policies and strategies, the successful candidate will have a high degree of direct responsibility for the day-to-day management of client portfolios. The appointed manager will also share in the division's marketing efforts, and in preparing and presenting reports.

Suitable applicants (aged 28-35) will be graduate professionals with at least 3 years' successful experience in managing international equity funds.

The position represents an excellent opportunity for personal and career development within an aggressive environment and offers a competitive salary and benefits package, which is negotiable for the right candidate.

In the first instance, please contact Felicity Hether on 01-588 6644 or write to her at the address below.

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Anderson, Squires

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We are a multinational company trading in several leading brands of consumer durables and electronics. We intend to increase our activities in the EEC countries, starting with Spain. To head the above operation we have a need for a General Manager (Trading) based in London, who must have several years' experience in branded consumer electronics including export and external trade. Experience in the Spanish market and working knowledge of the Spanish language is essential. As job involves constant interaction with manufacturers, the ability and track record for agency negotiation will be an important factor for selection. Practical experience of buying in the Far East and of international shipping, freight forwarding etc. is essential. The candidate, preferably around 40, will have to be a person with initiative and proven record of achievement and be able to bring new agencies. Applicants should be MBAs with at least 15 years of experience in marketing/trading, presently holding similar position. Though the person selected will be based in London, the job involves extensive travel in Spain and also in Europe and the Far East.

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Britannia Institutional Fund Management Limited manages pension and other long-term institutional portfolios within the Britannia Group.

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Applicants at senior level will require to demonstrate a specialist background in either the UK equity or fixed interest markets together with a good track record and ability to communicate effectively with clients.

Candidates at assistant level should hold a degree or similar qualification and have around 2 years' experience in fund management or investment analysis, specialising in UK equities.

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For a confidential interview please write to

Mr. R. L. Mitchell, Managing Director
Britannia Institutional Fund Management Limited
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74/76 Finsbury Pavement, London EC2A 1JD



Morgan Guaranty Ltd

CORPORATE LAWYER

International Capital Markets

Morgan Guaranty Ltd, the capital markets subsidiary of the Morgan Bank, is seeking a corporate lawyer to join its transaction execution team.

The person appointed is likely to be in his/her late twenties/early thirties and will have extensive experience gained in the commercial department of a leading London corporate practice and a real fluency in commercial law. The position offers wide exposure to the international capital markets which will include bond issues, swaps, loan syndications, euro-commercial paper and corporate finance generally.

Remuneration will include an attractive salary and benefits package including a company car, a profit sharing bonus, a mortgage subsidy, a non-contributory pension scheme, and medical and life insurance plans.

Write, with full career details or telephone for an initial discussion, in complete confidence, to: Peter J. Mills, Personnel Manager, Morgan Guaranty Ltd, P.O. Box 124, 30 Throgmorton Street, London EC2N 2NT. Telephone 01-600 7545 extn. 3212.

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Hyde Park House, 80a Knightsbridge, London SW1X 7LE
Tel: 01-235 6060 Telex: 27874

JUNIOR ANALYSTS

Required for City of London Investment concern to assist in comprehensive analysis of Companies for existing Sterling portfolio of Bonds and Equities. Applicants should have had two years' experience of this type of work. Remuneration package by arrangement. Applications with C.V. to Box No A.9124 Financial Times, 10 Cannon Street, London, EC4P 4BY

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We are seeking private client partners with a good track record to join a rapidly developing and well backed financial institution. Profit sharing, excellent salaries and a share option scheme are part of a comprehensive package available.

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Recruiting Co-ordinator

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To:
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Group Finance Director
Christie-Tyler PLC
Bryansnry, Bridgend
Mid Glamorgan CF32 9LN



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Susan Hodgson, Economics Division
PETROCONSULTANTS (UK) LIMITED
36 Upper Brook Street, London W1

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Financial Services Client Management

Edinburgh

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Our client is a market leader in the provision of financial and investment information to investment institutions, both in the UK and abroad. The success of the Company is demonstrated in a steadily expanding client base and to meet the increasing demand, a new Client Relationships team has been established, which now needs a Client Account Manager. Whilst new sales activity (whether in the promotion of new products or the uptake of new clients) will account for approximately one quarter of your work, you will be predominantly involved in after sales service, developing and sustaining sound business relationships with existing clients. You will have responsibility for the achievement of planned revenue levels from the client base and your association with customers will extend from the initial assessment of requirements to ensuring delivery of services and products.

The post involves significant amounts of UK travel in the course of visits to clients.

The successful applicant, probably aged around 30 and qualified to degree level, will have a proven record of success in the accountancy, investment or pension fund fields supported by an ability to analyse financial information and present the results to senior client personnel.

Initial salary will be competitive and negotiable. Salaries are regularly reviewed with reference to performance and career development. Other benefits include a gratuity-related bonus, pension and life assurance schemes and relocation assistance, where appropriate, to the Edinburgh area.

Please send full career details, which will be forwarded to our client unopened quoting Ref: G/1893/FT. (Address to the Security Manager if listing companies in which it should not be sent.)



Fitzpatrick House, 14/18 Cadogan Street, Glasgow G2 6QP
Telephone: 041-221 5954 Telex: 779145

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From a document domestic bank has built up an increasingly extensive worldwide network of operations during the last 30 years. As it continues to expand and refine its operations particular emphasis is placed on working with international and smaller companies on expanding the international banking and securities markets and on the development of business resources. The London branch treasury department has a pool of 20 in its foreign exchange and money market operations trading volumes are considerable and growing with recent handling but recent transactions within daily. The latest equipment provides access to global information thus improving the quality of analysis. A new post is to be created to collect, analyse and disseminate news throughout the branch on currencies and interest rates. You will gather information from many sources and prepare written reports daily on the main markets and currencies. Reporting to the Department Manager, you will

also contact other City analysts, institutions and customers to enable you to form useful to longer term views. The successful development of the function may lead to the formation of a separate customer services department. Aged about mid-thirties, you will be a graduate in economics or accountancy. Your background is in a financial environment, possibly a bank or institution, maybe academic. Not only numbers but possessing good verbal and written skills, you must also display a planning capability. Ambitious, hard working and personable you are anxious to develop your career. A good but negotiable salary is offered with excellent banking benefits. Early promotion to manager status is expected. To apply for this opening, please telephone or write to Derek Cox of Cripps, Sears & Associates Limited, Personnel Management Department, 66/68 High Holborn, London WC1V 6JL. Tel: 01-40 40 570.

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We are a leading firm of UK stockbrokers with a substantial institutional client base. As part of our further expansion of international securities market coverage we are seeking to recruit at least two additional sector specialists to join our North American team. The candidates will be expected to have a thorough knowledge of the US market and/or specialist sector knowledge. In addition candidates will be expected to contribute to our various international publications and provide sales and backup services to clients of the firm. Salaries are negotiable and will depend on age and experience.

Phillips & Drew
International Department
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Miss Deborah Hartman, Phillips & Drew,
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Finance and Administration Manager

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We seek a major contributor to our future business success, and career prospects could take you further into either UK or international activities of Prime Computer. Benefits are comprehensive, and will include relocation assistance, where appropriate. Please forward a comprehensive cv, or telephone Nigel Harding, Personnel Manager on 0234 65121 for an application form. Prime R&D Limited, 4 Bramley Road, Mount Farm, Milton Keynes, Bucks MK1 1PT.

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Candidates should be able to demonstrate a track record of successful management achievement; move easily in large complex organisations; initiate and implement change; and motivate a wide range of professionals in achievement of corporate goals. Preferably aged late 30's to early 50's candidates should be seeking increased management stimulus and career challenge.

Salary will be in excess of £25,000.



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LONDON

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Applications in strict confidence for the above positions, quoting the appropriate reference, will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

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Tel: (01) 930 6314.

Management Appointments Limited

Head of Unit Trust Administration

Major Financial Services Group Portsmouth

Schroder Financial Management provides a comprehensive and integrated range of financial services to individuals, partnerships and private companies. The Group currently employs over 600 staff in over 20 locations in the United Kingdom.

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The requirement is for a senior manager with comprehensive knowledge of unit trust operations and procedures. Good communication and staff management skills are essential and familiarity with computerised systems would be of considerable advantage.

The position offers excellent prospects for further career development, and a comprehensive remuneration package which includes attractive basic salary, mortgage subsidy, non-contributory pension scheme, Company car, and full relocation expenses.

For further details please write to or telephone: G M Kewley, Group Personnel Manager, Schroder Financial Management Limited, Enterprise House, Isambard Brunel Road, Portsmouth, Hampshire PO1 2AW. Telephone: (0705) 827733 Ext 335.



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Investment Management

There is a vacancy for a FUND MANAGER whose principal responsibility will be the management of the Group's North American equity portfolios.

National Mutual's Fund Managers are fully responsible for all aspects of managing the portfolios under their control and for the resulting performance. They also contribute significantly towards overall investment policy making.

The position will appeal to an individual who enjoys a large degree of autonomy and the opportunity to demonstrate his or her abilities.

The successful applicant is likely to be a graduate aged between 25 and 35 with previous investment experience, preferably, but not necessarily, of the American market.

The position offers excellent career opportunities with a salary up to £20,000 plus annual bonus, free lunches and a low cost mortgage after a qualifying period. Please write with full personal and career details to:

Miss K R Lewry, Personnel Manager
National Mutual Life Assurance Society
5 Bow Churchyard (off Chespeide)
London EC4M 9DH

or telephone Mr G H E Hill, Investment Manager for further details 01-236 1566

EUROBOND SYNDICATION U.S. INVESTMENT BANK

Career opportunity for young graduate or person with some banking experience to join the Eurobond Syndication department of a U.S. Investment Bank.

Candidate, preferably aged 22-28, should be self-motivated, literate and numerate.

Good salary and benefits.

Candidates should apply with curriculum vitae to:

Box A.9132, Financial Times
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US Bank Credit Analyst

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We are acting on behalf of a prime New York Bank currently seeking to recruit a Credit Analyst, who will become a member of their credit team.

Candidates aged approximately 23-28 must have at least 2-3 years' experience and may have already received US bank credit training. The successful applicant will become involved in detailed analysis of major UK and other European corporations. Experience of the Oil and Gas industries or commodity finance would be a particular advantage.

This position includes some exposure to the Bank's clients and this aspect of the work will increase with the achievements of the successful candidate, giving an excellent opportunity for career progression.

In the first instance please contact Andrew Stewart on 01-404 5751 or write to him enclosing a comprehensive curriculum vitae, at 23 Southampton Place, London WC1A 2BP, quoting ref. 3548.

FTP

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We are now rapidly expanding our base of clients for economic forecasting and consulting services, which include many exciting technological innovations in micro applications and data delivery from on-line data-bases. Quite a force in the age of information technology, which is where you come in.

YOU: A brief description

On graduating, preferably in economics, your early background should have been in economics or a related field, but broad-based analytical experience in finance, industry or government could be equally valuable.

Now 25 to 33 years old, you have had a successful career to date, in which you have developed good

personal and communication skills, and the ability to get your ideas accepted by senior management. If these can be combined with direct sales experience, so much the better. Above all, you'd like a highly active role in an environment where drive and entrepreneurial flair are both expected and rewarded. Small enough for you to stamp your own style, big enough to offer long term career opportunities.

A bit more about us

An international organisation of 300 people, with a Northern European growth rate of 50% p.a. You will join a dedicated team of young professionals (average age around 30), working in the heart of Belgravia.

So

If you'd like to increase your income dramatically whilst broadening your career horizons, we'd like to hear from you.

Phone or write to our Advising Consultant, David Lloyd, quoting Ref: CM031.

International Search and Selection

160 New Bond Street, London W1Y 0HR
Telephone: 01-408 1670.

Lloyd Chapman Associates

Mid-twenties? Hungry for Swaps?

ASSISTANT MANAGER

Capital Markets

c. £20,000+ Benefits

The City-based UK subsidiary of a well-known international Finance and Investment Organisation continues to expand rapidly and a new requirement has just been identified for an ASSISTANT MANAGER to be attached to the Corporate Finance Department.

Reporting to the Associate Director - Capital Markets, your fundamental responsibilities will be to provide support equally on Swap business as well as use your ability to assist in new product development, including merger and acquisition opportunities.

Aged in your mid-twenties, you must have spent at least two years with a Merchant Bank's Syndications/Corporate Finance Department or an equivalent financial institution which has had dealings in the Capital Markets area. Confident, alert and team-orientated you will welcome this opportunity to join a new and enthusiastic Department which has already achieved a very enviable reputation in the Market.

The salary package is negotiable, as indicated and other normal banking benefits include Pension/Life Assurance, Private Health Scheme, Mortgage Subsidy, Personal Loan facility, etc. Future career prospects are simply superb.

If you feel you have the relevant experience my client seeks, then ring or preferably write (in total confidence) to me, Richard J. Sowerby, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London, W1R 5EA. Tel: 01-439 6288.

Sowerby's Selection

PRODUCT DEVELOPMENT

Capital Markets

£20,000 +

Our client, the Investment Banking Division of a major European Banking Institution, is currently looking to expand its presence in the EuroMarkets.

It presently requires a young dynamic professional (possibly ACA/MBA) to investigate and analyse business opportunities as they arise and evaluate products under a variety of economic and regulatory conditions.

The successful candidate must have strong analytical and interpersonal skills, and have had computer modelling experience.

Outstanding financial rewards and rapid career progression can be expected for the right ambitious individual.

For further details please telephone or write in confidence quoting Ref SM500 to:



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This appointment offers a unique and exciting opportunity to contribute from the outset towards the development of the Investment Management side of a newly formed Financial Services Company based in Amsterdam.

The vacancy calls for a salesman to service private clients both in the Netherlands and the Benelux. Candidates are not likely to be more than 35 and should combine the ability to sell ideas with an understanding of the UK equity market. Several years' experience with a Stockbroker or Licensed Dealer is preferred. The continuation of an established business is not a problem and languages are not necessary.

Write Box A.9126, Financial Times
10 Cannon Street, London EC4P 4BY

Selection Consultants

Two additional consultants are required by the Selection Company of a major organisation in the recruitment market place. The Company is committed to fast growth and is only interested in men or women who can confirm their achievement of realistic business targets through their own sales efforts without undermining personal and professional standards.

Your recent experience must have been obtained in a selection consultancy and encompassed the City, Finance or General Management areas.

Please apply in the first instance, to The Confidential Reply Manager, Ref 844, T.G. Scott & Sons Limited, 30/32, Southampton Street, London WC2E 7HR.

Applications will be forwarded to our client direct and treated in the strictest confidence, therefore companies in which you are not interested should be listed separately.

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Major American Bank in the City seeks a qualified or fully experienced accountant with ability to control and supervise daily accounting function, including statutory reporting, taxation, management reporting, internal audit responsibilities with bias towards review of existing and new BP programs and security controls.

Thorough knowledge of IBM hardware and foreign exchange multi currency accounting methods preferred.

Salary and usual bank benefits negotiable.

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CAPITAL MARKETS ACCOUNTANT

We have been retained by the London Branch — (Licensed Deposit Taker) of this leading Swiss Bank to assist in the recruitment of a highly experienced person who is currently engaged in the accounting function of a broadly based and active eurobond and securities dealing environment.

Reporting to the Chief Accountant, this person will be responsible for the proper accounting and profit and loss calculations of all the capital market activity which will also include portfolio investments.

In this first instance, Candidates for this demanding and responsible position should apply to:

BRIAN DURHAM
BRIAN DURHAM RECRUITMENT SERVICES
25, LIVERPOOL STREET, LONDON, E.C.2.
TEL: (01) 621 1886

TWO EUROBOND DEALERS

c. £50,000 and £20,000

Our client is a highly respected Merchant Bank with a worldwide branch network. They are seeking an experienced dealer to become the No. 2 in a dynamic Eurobond team. We also require a junior dealer with at least a year's experience. For both positions the emphasis is selection will be on track record rather than time served. Rewards and prospects will be excellent.

ASSISTANT MANAGER EUROBOND SETTLEMENTS

TO £18,000 + BONUS

Our client, a major City Merchant Bank, seeks the services of an experienced settlements administrator. The successful candidate will probably be in the 25-35 age range and will combine a thorough knowledge of settlement procedures with sound management skills and the ability to respond positively to the needs of a rapidly growing and forward-looking company. Starting salary will be accompanied by a full range of banking benefits and career development will be excellent and well-defined.

Interested candidates should contact:

ANDREW AVENELL on 01-236 8192

ANDREW AVENELL on 01-236 8192

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JAC

INTERNATIONAL EQUITIES

A prestigious London based international investment bank has committed to expand its international equity activity and wishes to discuss this opportunity with a highly qualified institutional sales person to head up this area.

The individual we are seeking should be well known to both U.K. and U.S. institutional investors. Fluency in French and another European language is desirable.

Apply in confidence to: Box A9122,
Financial Times, 10 Cannon Street,
London EC4P 4BY.

ACCOUNT OFFICER £16,000

This well known Merchant Bank requires an ambitious graduate banker with a minimum of one year's U.K. marketing experience to join their expanding team. You will be expected to research and assess new business and market to Financial Directors of international companies. Age 24/25 with 18 months credit analysis exposure.

CREDIT OFFICER £15,000

Expanding European Bank are looking for an experienced credit analyst to research and assess new corporate loan applications. Liaising closely with potential clients from the secondary market, you will have the chance to train as a marketing officer in your second year. Formal credit training is preferred. You should be a graduate, aged between 25/30.

FOR FURTHER DETAILS PLEASE CALL
MIKE BLIMMELL JONES ON 01-236 1113 (24 HOURS)

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Candidates should have an accounting/legal/banking qualification.

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Managing Director

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Telephone 01-408 2007

CANADIAN IMPERIAL BANK GROUP

Corporate Relationship Managers Senior Credit Analysts

We seek to recruit a number of highly motivated and ambitious university graduates (preferably also holding a recognised legal, accounting or banking qualification), to join one of the most dynamic corporate banking teams in London.

Specifically we require Corporate Relationship Managers and Senior Credit Analysts with the emphasis for those positions being on lending and capital market products. The ideal candidates will have significant credit analysis, facility structuring and documentation experience. For the Relationship Manager position they will already have corporate relationship responsibilities, while for the Senior Credit Analyst positions the ideal candidate will be seeking to assume such responsibilities within a short period of time. Successful applicants will be expected to play a highly significant role in the development of the Bank's expanding UK operations. The positions will appeal to those who are not afraid of hard work and long hours.

If you think you meet these requirements, we would like to hear from you. Please send your C.V. to:-

Mrs. E. J. Price, Personnel Officer,
Canadian Imperial Bank Group,
55 Bishopsgate, London EC2N 3NN.

International Appointments

Assistant Company Secretary

Abu Dhabi Gas Liquefaction Company (ADGAS) employs a multi-national workforce engaged in the production, shipment and sale of liquefied gas. The company now wishes to recruit an Assistant Company Secretary who will be located at Head Office in Abu Dhabi and will report to the Deputy General Manager.

Duties are to assist the general management in corporate secretarial matters, communications with shareholders as the assistant secretary to the Board advisory committee and Board of Directors, and legal matters generally. The range of work is broad based and will necessitate considerable high level contact/liaison.

Candidates preferably aged between 30-40 should be University graduates, ACIS or equivalent.

who have at least eight years' relevant experience. Middle East working experience is desirable, whilst a knowledge of Arabic and experience in the petrochemical industry would be advantageous.

Applications from Arab nationals who are fluent in English and with above experience will be particularly welcome. An initial two year married status contract is offered and terms will be as per company's policy.

Please write or telephone for an application form or send full CV to A.E.N. Buckley, at the address below, quoting reference AA52/9529/FL. Candidate details may be passed direct to ADGAS.

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£30,000 to £40,000
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plus substantial benefits

The HongkongBank Group, with its subsidiaries and associates, ranks among the twenty largest of the world's banking groups. With more than 1100 offices in 55 countries, and staff of around 45,000, it has assets in excess of £50 billion.

This is a new appointment to place greater emphasis on financial training, particularly lending, and to up-grade generally the professionalism of the financial training programmes. Based in Hong Kong and supported by a small professional training staff, there is additionally the facility of a new purpose-built residential Management Training Centre.

Candidates, preferably aged 35 to 45, should be graduates with a relevant professional qualification in banking and lenders with a proven track record in corporate credit. Lecturing, training or management education experience would be advantageous.

Salary as indicated with usual expatriate benefits including free furnished accommodation, education allowance and six weeks' paid home leave. Promotion to line management is strongly envisaged for candidates with career ambitions.

Please write stating how the requirements are met to Lionel Koppen ref B.1013.

HAY-MSL Personnel,
52 Grosvenor Gardens,
London SW1W 0AW.

HongkongBank
The Hongkong and Shanghai Banking Corporation

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Ernst & Whinney's Far Eastern practice continues its vigorous growth. Currently a feature is the dramatic development of the Jakarta Operation.

In consequence we can offer an unusually interesting and challenging post in audit management to a qualified accountant with upwards of two years relevant post qualification experience that ideally would include some exposure to practical tax.

Responsible for a demanding portfolio of clients who are both international and local, you will need a sound technical knowledge, a keen sense of business awareness and people skills that are both sensitive and diplomatic.

Initial contract will be for 2 years, but for those demonstrating the necessary progress and commitment, career prospects within the region as a whole will be excellent.

Please write initially with full C.V. to Barry Compton.

Ernst & Whinney
Accountants, Advisers, Consultants
Becker House, 11 Lambeth Palace Road, London SE1 7EU. Tel: 01-928 2000.

FINANCIAL WRITERS

Business Day, South Africa's new national financial daily newspaper, requires a bright young economics writer and an investment analyst to work in Johannesburg.

Applicants must be self-motivated and have appropriate qualifications/experience.

The positions offered are with a newspaper of growing influence and authority that is widely quoted in South Africa and abroad and serves a financially sophisticated business community.

Apply immediately to: Editor's Secretary, South African Morning Newspapers, 135, Fleet Street, London EC4A 3BL. Please include contactable telephone number for possible interview on October 2.

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ACCOUNTING AND FINANCIAL MANAGER

THE COMPANY: Accountants and business managers specialised in providing a full range of corporate services to Continental European subsidiaries or overseas corporations with offices in Brussels, Düsseldorf, Luxembourg and Paris.

THE APPOINTMENT: Responsible for management of a portfolio of clients including supervision of accounting staff and liaising with clients in major world centres.

THE CANDIDATE:

- Chartered accountant
- Age: 25-35
- Minimum of 5 years' experience
- Proficiency in either German (preferably) or French
- Experience in Continental Europe an advantage
- Located in Brussels with frequent travel
- Excellent remuneration package
- Relocation expenses if necessary
- Possibility of a partnership in 2 to 4 years.

Please send a comprehensive C.V. including salary history and recent photograph to:
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Avenue Louise, 207-208, B.P. 6, 1050 Brussels, Belgium

An international organization which operates a worldwide, computer-based system for processing international financial transactions wishes to recruit an

Interface Product Analyst

(ref. ref. FT 131)

He or she will apply established company policy to analyze requirements and to propose new interface and related application products for installation in user premises. Reporting directly to the Head of interfaces in the Product Planning Division, the Analyst will be responsible for all stages of each project, including identification of market requirements, functional specification of new products, establishing prices, estimating product development costs, drawing up business plans and preparing product presentations.

This is a challenging and demanding position, involving extensive travel. The successful candidate will be a university graduate combining fluency in English with a real flair for personal contact and communication. Sound analytical and managerial skills are a necessity and previous experience in banking would be a definite asset. A background in computers is not essential, as there will be an initial period of familiarization with interface products marketed by the company and its competitors.

If the challenge of this opportunity appeals to you, please send a detailed curriculum vitae and photo to:
JERRY RUBIN,
Personnel Consultant,
chaussée de La Hulpe 185
1170 Brussels.

All applications will be handled with absolute discretion and all applicants will receive a reply.

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Financial Times, 10 Cannon Street, London EC4P 4BY
with résumé and photograph

Accountancy Appointments

SYSTEMS & SPECIAL PROJECT ACCOUNTANT

Rural Hampshire Package c£18K

The TSB Trust Company is the insurance and investment arm of the TSB Group. We are one of those rare companies which can boast a consistent record of expansion and success over the last 15 years. Rarer still, we have detailed plans for even more expansion for several years to come. This is an excellent opportunity to join our recently formed special projects team and to manage significant projects for presentation at Divisional and Board level, all aimed at making our accounting systems more efficient and effective.

Besides general project work, you will be responsible for developing accounting systems to maintain the highest standards of financial control and reporting. You will also monitor and contribute to Company strategy in relation to new system requirements.

The successful candidate, probably aged late 20s to early 30s will be a qualified accountant with substantial knowledge of large scale computer based systems. The broad base of expertise required to fulfill the position is unlikely to be seen in candidates with less than 2 years' post qualification experience.

As well as excellent career prospects, there is a salary package of c. £18k which includes mortgage subsidy. Additional benefits include a non-contributory pension scheme, Christmas Bonus, profit sharing, BUPA, flexible working hours and relocation assistance where appropriate. If you feel you can meet the requirements of this demanding role, ask for an application form from Bill Brewer, Assistant Manager-Personnel, TSB Trust Company Limited, Keens House, Andover, Hants, SP10 1PG.

Telephone: Andover (0264) 51045.



Financial Director

Hi-tech public group up to £35,000 plus car

This hi-tech public group is based West of London and has a significant international network of subsidiary companies throughout the world. The group has a successful record, is well known and respected and has a prestigious range of customers for its specialised products.

Reporting to the Chief Operations Director, the Financial Director will be responsible for the financial affairs of the group. This will entail managing the small finance group and treasury departments, monitoring the financial performance of group subsidiaries, highlighting key issues and developing appropriate financial strategies.

A qualified accountant aged 35 to 40 is required, able to clearly demonstrate a

successful record in a senior financial role, preferably within a public group. Experience of a high technology industrial company is also sought coupled with a bright, energetic manner and strong technical skills.

Please reply in confidence, enclosing career details and quoting reference 3018, to C. T. Garcia, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria St., Blackfriars, London EC4V 3PD.



Financial Controller

Salary to £20k plus car South East London

Our client is a well established and internationally renowned organisation operating in the service sector (insurance, financial, leisure etc). Turnover which is now in the order of £70m is showing a steady increase and will continue to do so particularly through new business opportunities.

We are seeking a Financial Controller, reporting to the Financial Director, to join a senior management team which is currently undergoing significant change following the recent appointment of a new Chief Executive. The person appointed will be responsible for ensuring that colleagues in management are provided with the necessary financial and business information on a regular and timely basis to enable effective control of the business.

Candidates should be educated to degree level and be fully qualified accountants. Experience in financial planning and analysis in a related business is essential; experience in corporate planning and takeovers would be desirable. The job is likely to appeal to those men or women with around five years' post qualification experience looking for their first managerial role, yet able to demonstrate the ability to operate at Board level.

Salary will be negotiable up to £20,000 and benefits will include private medical insurance and a company car. Relocation costs, if appropriate, would be met. In the first instance please send a brief cv to Max Emmons, CRS 400, Lockyer, Bradshaw & Wilson Ltd., 39/41 Parker Street, London WC2B 5LH indicating if there is any organisation to whom you would not want it referred.

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A critical management role guiding the growth in take home sales

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This key individual will evaluate our marketing and sales strategies, prepare detailed financial forecasts, review strategies on shelf pricing, promotions, sales volume and marketing expenditure, plus evaluating investment proposals and new product launches, highlighting cash flow and profit implications. This role will directly influence Schweppes marketing policies, product portfolios, sales and promotion strategies and operational

procedures. We are looking for someone with broad based experience in corporate finance and computer based systems. A professional who can confidently communicate and ensure sound financial views are presented to the 'Take Home' team of managers.

If you can rise to this demanding challenge then we will offer a salary of c. £16,000 + bonus and a generous relocation package to the St. Albans area. Please write or telephone for an application form to: Dawn Swarbrick, Management Recruitment Officer, Schweppes Ltd., Schweppes House, Grosvenor Road, St Albans, Herts. Tel: St Albans 59242 ext. 3515.



A MEMBER OF THE CADBURY SCHWEPES GROUP

International Financial Director

c£27,000 + Car Thames Valley

Our clients are a world-leading company in the field of advanced minicomputers; setting new standards in the design and manufacture of real-time computer technology for a wide range of customers, including major financial and scientific institutions.

They now seek a Financial Director to be based at their industrial headquarters, to assume overall responsibility for all financial accounting and analysis, order-processing and administration activities within the company's European Structure.

Applicants should have attained a recognised accounting qualification, backed by at least five years' professional experience, gained preferably within a multinational, high-technology environment. This is an uncommonly diversified opportunity, involving senior-level decision making across wide areas of company activity throughout Europe, and to possess the depth of experience necessary, it is expected that applicants will be aged in their mid 30's.

In addition to a generous, negotiable salary plus car, you can expect a full range of benefits, including a non-contributory pension scheme, free life assurance and free BUPA. Please write, enclosing full CV and details of any company to whom you do not wish your application to be forwarded, to: Mark Cartmel, Riley Advertising (Southern) Limited, Old Court House, Old Court Place, Kennington, London W8 4PD. Please quote Ref: FT/900.

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Reporting to the Managing Director and working closely with the European parent company, you will be responsible for all financial/management accounting and administrative functions. The development of computerised systems is an important early task.

The company is growing very rapidly in a highly competitive environment and needs someone with strong commercial flair, who has a flexible approach and is prepared to lead by example to meet deadlines.

Success here will lead to significant career development. The negotiable salary is supported by a range of benefits. Please send full cv which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: R2062/FT.

PA

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6000 Telex: 27874

FINANCE MANAGER

Due to an impressive record of growth and development, our client, a major British consumer electronics company, requires a Group Finance Manager. Working closely with the Finance Director responsibilities will include international treasury, group forecasts, budgets and consolidations. Candidates for this highly visible role will be qualified accountants aged 26-33 with excellent communication skills, and the ability to develop in a rapidly expanding environment. Ref: SW.

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A rare career opportunity within a diverse, rapidly expanding UK group. Initially working at the centre, the Management Accountant will be responsible for assessing business performance, budget preparation, and the review, consolidation, and reporting of monthly management accounts. This key appointment offers considerable commercial involvement and a direct route to a number one finance role with an operating company. Would suit an exceptional accountant aged under 30. Ref: JG.

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A challenging Head Office role within this 'blue chip' industrial group. Responsible for the analysis of business results, the Deputy Finance Manager will be involved in investigating trends and variances, budget preparation, forecasts, investment appraisal and various cost saving exercises. This high profile role offers exposure to the board and prospects to line management. An excellent career opportunity for a young, ambitious accountant. Ref: JG.

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Remarkable recent expansion has led to the need to appoint a Financial Controller, who will report to the Group Financial Director. Responsibilities will call for broad management experience in all aspects of the finance function, including treasury and taxation. Familiarity with sophisticated computerised systems is essential, while a knowledge of company secretarial practice and of contracts is desirable. An accounting qualification is essential and likely age is around 30.

Salary is negotiable around £20,000 plus car and an excellent benefits package which includes a particularly attractive pension scheme. Further promotion prospects, perhaps to Financial Director of an operating subsidiary, are excellent. If that sounds interesting, please send full career details to:

Vincent Lyddieth

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Personnel Selection Limited, 36 Drury Lane, Soho, West Midlands B91 3BJ
Telephone: 021-705 7399, or 021-704 2851

ASSISTANT COST & MANAGEMENT ACCOUNTANT

A medium-sized, expanding engineering company manufacturing a range of products for the paper-making industry require an enthusiastic, part-qualified accountant (ACMA, ACCA) to assist in the preparation of management accounts and to maintain and develop the product costing system. Salary will be appropriate to this appointment.

Reply with c.v. to: A. W. Hawes, Commercial Director, Vickers Limited, 53 Norman Road, Greenwich, London SE10 9QJ. Tel: 01-858 5111.

Inter-Selection

Financial Director (Designate)

City of London Salary c£40,000

Our client is a major Lloyds Insurance Broker based in the City operating on a worldwide basis through subsidiary and associated companies. Staff employed number in excess of 1700.

The position will entail working closely with the current Finance Director prior to his retirement, maintaining overall control of all financial matters and participating effectively in the general management of the Group.

The successful candidate, qualified, will ideally be aged 35-45 and will have gained extensive experience in an international operation, probably within the financial services field. The ability to manage and motivate a department of 70 staff and a sound working knowledge of computerised systems is essential, as is the ability to advise the board on all relevant financial dealings.

In addition to the negotiable salary the position also carries a comprehensive package of fringe benefits including a quality motor car.

Apply in strictest confidence to:-

Tony Normile, Managing Director,
Inter-Selection Insurance Recruitment (Southern) Ltd,
14 Trinity Square, London EC3N 4AA.
Tel: 01-480 7220



Accountancy Appointments

P.A.

to

Senior Partner

required for Wallington (Surrey) practice. Would suit qualified or near-qualified accountant.

Partnership prospects after probationary period. Commencing salary depending upon qualifications and experience but should not be less than £12,500.

Please supply c.v. to:

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Financial Times
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London EC4A 4BY

Group Financial Controller

C. London

£27,000 + Car + Share Options

Our client is a very successful public group capitalised at some £50 million involved in the development of high-class commercial properties. The success of their operation is reflected by their rapid growth in property investment, turnover and profits, which, in turn, has created the demand for greater sophistication in the financial and management information systems.

Reporting to the Joint M.D. - Finance, the appointee will be responsible for the whole of the finance function of the parent company and its subsidiaries. However, the right person will also have the opportunity to work closely with the M.D. on the Treasury aspects of the group involving high-level finance negotiation with City institutions.

This is an unusual opportunity to work within a fast-moving, entrepreneurial group which has exciting plans for organic growth and diversification through acquisition.

Applicants are invited from qualified accountants, aged 28-35, who combine strong technical accounting skills with excellent personal qualities. Ideally, the successful candidate will have gained experience within a large practice and in commerce.

Please write, enclosing a career history and day-time telephone number to Richard Norman, FCA, quoting reference 1/2320.

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Hutton House, 20/23 Holborn, London EC1N 2JD.
Telephone: 01-242 7773 (24 hrs).

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This is an opportunity to develop your technical and management skills whilst relishing the autonomy that you'll be given. We need graduate Accountants aged 25-32, with experience of financial institutions gained in a major accountancy firm or in the financial services sector, who are ready to face tomorrow's challenges today. Your personal skills, enthusiasm and intellect must be outstanding.

We offer a starting salary of £20-30,000 plus a car and other benefits, tailored training, and promotion based solely on merit.

If you're excited by the latest developments in the financial services sector, and meet our criteria, why not send your cv (including a daytime telephone number) to Martin Manning, quoting reference 1520/FT on both envelope and letter.

Deloitte Haskins + Sells

Management Consultancy Division
P.O. Box 198, Hiltate House, 26 Old Bailey, London EC4M 7PL

Corporate Head of Internal Audit

Greater London/c.£32,000+car

The worldwide nature and scope of our client's business creates a highly challenging role for their Internal Audit function. To lead this department at the corporate level, they require an exceptional accountant with proven managerial skills.

Supported by a department of some 40 staff, the job holder will report to the Group Financial Director and will be charged with ensuring that the function makes a positive contribution to business efficiency and profitability. The focus is therefore much more on operational review than on acting as a "chief inspector".

The successful candidate is likely to be aged between

35 and 45 with a significant track record in internal audit within a major international company. The stature and maturity necessary to represent the function to senior management will be essential and a facility in French and/or Spanish would be a positive advantage. Experience with sophisticated computerised systems will be a prerequisite.

The company's determination that this appointment should be made at a senior level will be reflected in the remuneration package. In addition, with the anticipated significant growth of this major public company, career development opportunities could well emerge for the successful candidate.

To apply, please write with a full CV to
Gavin Adam, Executive Selection Division, Price Waterhouse,
Southwark Towers, 32 London Bridge, London SE1 9SY.
Please quote reference MCS/4018.



Operations Controller

Surrey

c.£21,000 plus car

Our client is one of the world's leading manufacturers of high technology products within the aerospace industry. The company is at the forefront of innovative technology and its success in the world market is reflected in an impressive growth record both in terms of turnover and profitability. As a result of this growth the company now seeks a Senior Executive based at its head office to assume responsibility for the evaluation and analysis of the financial performance of divisions and operating units throughout the United Kingdom. The successful candidate will be a qualified accountant likely to have at least 3 years' experience within a major industrial corporation.

He/she will possess high communication skills as the position will require regular liaison with Senior Management at both the divisional and company level.

An attractive remuneration package including a fully expensed company car will be offered together with excellent career prospects. Interested candidates should write to Nick Baker, FCA, Executive Division, enclosing a comprehensive Curriculum Vitae quoting reference 278, at

31 Southampton Row,
London WC1B 5HY.



Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

Financial Controller

N W London

£22,000 + car

This company which offers consulting services to the oil industry is about to undertake a period of planned expansion, both in this country and overseas as part of an international group. Turnover in the UK is well over £1 million, and is increasing rapidly.

They are now seeking a qualified accountant to strengthen the management team internationally and in the UK. The Financial Controller's functions will be twofold. Firstly working closely with the Chairman of the international group on developing the group's strategic plans, and monitoring the performance of all companies. Secondly to be Financial Controller of the UK company, with total responsibility for all financial and management accounting.

Applicants should be qualified accountants in their late twenties or early thirties with an appetite for hard work, and the ability to relate to people and explain financial ideas to non-accountants. They should be willing to spend about one third of their time visiting overseas subsidiaries. Experience in implementing accounting systems on micro computers is desirable.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2313 to W.L. Tait, Executive Selection Division.

Touche Ross

The Business Partners

Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

CONTROL

ACCOUNTANT

FOR PROFESSIONAL PRACTICE

We are looking for a Chartered Accountant to take charge of all the financial and administrative controls of our practice of Chartered Accountants thus releasing the seven Partners for the tasks for which they are primarily qualified.

The applicant, aged 45-55, will ideally have had experience of working in a professional partnership and will also be conversant with computers and word processors. Not only will the applicant be able to produce meaningful management information, financial statements, cash flows, budgets and exercise credit control but being possessed of firm personality will handle partners and staff with diplomacy and tact.

Location is at pleasant offices in a North Surrey town.

Salary around £20,000 plus car

Write with c.v. to Box A.9127, Financial Times
10 Cannon Street, London EC4A 4BY

Hoggett Bowers

Executive Search and Selection Consultants

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Company Financial Accountant

Young Graduate with Senior Management Potential
Yorkshire, c.£15,000 + Company Car

The client is the major subsidiary of a large International Manufacturing Group, which is a leader in its field. This autonomous profitable subsidiary, having an annual turnover of approximately £70m, requires an ACA aged 27-35, to manage, control and develop the Financial Accounting area. This post will appeal to a graduate who qualified with a major practice, and has experience in large manufacturing, process or engineering companies. Reporting to the Finance Director, responsibilities will include maintenance of cash recording, sales and purchase ledgers. Management of 20 staff, systems development, credit control, foreign currency and cash forecasting.

There are excellent career opportunities, hence the need for a high-flyer, capable of bigger things. The benefits include those normally associated with a major group.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to P.A. Adderley, Hoggett Bowers plc, 7 Lisbon Square, LEEDS, LS1 4LZ, 0532 448661, quoting Ref: 11844/FT.

Financial Director

London

c.£30,000 + Car

The Client: part of a substantial electronics group, this company has a profitable nine-figure turnover - generated through the consumer and business markets - and successfully pursues an entrepreneurial policy of which expansion, often through judicious diversification, is a key feature.

The Position: whilst management of the accounting functions will be important, the role has a considerable strategic dimension; in the provision of a financial perspective on the development of the business as a whole and, particularly, in the identification and evaluation of prospective acquisitions and new ventures.

The Candidates: must be qualified accountants with experience at senior level in a large marketing-oriented company; graduates are preferred. A sympathetic understanding of other business disciplines is essential, as are personal 'presence' and good communication skills. The ideal age-range spans 35 to 45.

Applications, please, quoting Ref. 191/1/FT, to S. C. Mackay, Charles Barker Management Selection International Ltd., 30 Farringdon Street, London EC4A 4EA. Telephone 01-634 1142.

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Appointments Wanted

GRADUATE CHARTERED ACCOUNTANT

late 30s, 12 years' experience with City merchant bank, seeks financial position based in Northern or Western Home Counties or London at minimum £25,000 plus car.

Full c.v. etc. from
Box A.9125, Financial Times
10 Cannon Street, London EC4A 4BY

Chartered Accountant 33

seeks position within small progressive company for real involvement.

Write Box A.9123
Financial Times
10 Cannon Street
London EC4A 4BY

FINANCE DIRECTOR

Horsham, W Sussex

● DISCTEC Ltd is a new company formed, with substantial institutional backing, to exploit the compact disc market. The Managing Director has already grown a successful company in the record manufacturing industry. The Board now wishes to appoint a Finance Director for DISCTEC.

● The successful candidate will be a qualified accountant (probably chartered) with experience of high-tech manufacturing industry coupled with exposure to the City. He or she will have a marked degree of integrity and sound commercial judgement backed by the imaginative flair needed in a fast-growing new company. Age probably late-30s.

● Salary unlikely to be a limiting factor. Car and all running costs. Pension. Share option. Help with relocation if necessary.

● For further details and an application form please telephone Lyn Staines, Recruitment Secretary, on Windsor (07535) 56633 (24 hrs) quoting Ref. DM/552.

3i Investors in Industry Consultants Limited
Recruitment Division

Accountancy Appointments

Commercial Flair

West London c£18,000 plus car

The continuing expansion of this very successful high-technology company has led to the creation of a first-class opportunity for a recently qualified accountant who can develop their commercial and management skills in an atmosphere of change. The UK subsidiary of a group whose reputation is synonymous with quality, this company has had a recent growth rate of around 20% per annum and plans to double its present staff of 400 over the next four years.

As a result of these plans, the company requires an accountant with a flair for business and an eye for detail, who will initially be responsible for increasing the efficiency of the accounting department and streamlining management reporting. Thereafter the role will develop in the following areas:

● business analysis ● treasury ● systems development

The initial challenge and future development of the position will require both initiative and independence. Prospects and rewards will be limited only by the ambition and ability of the individual to succeed.

Please write in confidence to Jane Woodward (ref 8882) or phone on 01-638 3722.



Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Finance Director

c. £35,000

For a major public company in the property sector, primarily developing commercial and industrial properties for its own portfolio, valued at in excess of £250 million. Although mainly in the U.K., there are substantial and growing investments in Europe, the U.S.A. and Australia. In addition to dealing efficiently with all internal financial and management accounting affairs, the person appointed will be responsible for matters related to financing, tax and legislation and be expected to participate in the formulation of company policy with his fellow Directors.

Candidates, aged 35-40, must be suitably qualified. Their experience may be in property, but, if not, is likely to be in broad financial services, which may be corporate or professional. The keystone is possession of an acute and creative financial mind, coupled with the ability to work—shirt sleeves style—in a close, dedicated team.

The company operates a share option scheme. Car. Good fringe benefits. Please write, in strict confidence, giving details of age, experience, qualifications and present salary quoting Ref: 913/FT. No information will be divulged to our client without your permission.

CB-Linnell Limited

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MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM · LONDON

Financial Analyst

Vigorous Acquisition Programme

Competitive Salary + Bonus + Car
Crawley, Sussex

Due to expansion a Financial Analyst is required by Stone International plc, an international engineering company with current sales of £100m plus. You will be a qualified ACA or ACCA with 1-2 years' post qualification experience, probably a graduate and will join a small head office team reviewing and consolidating the plans and performance of subsidiaries and carrying out assignments in connection with the Group's vigorous acquisition programme.

Some UK and overseas travel will be required. This post is an opportunity for someone with development potential to join a fast growing and profitable company.

Please send applications with C.V. to: John Raines ref: 8.2165, 56 HAY-M51, Selection and Advertising, 52 Grosvenor Gardens, London SW1W 0AW.

This appointment is open to men and women.



Stone International plc

Financial Director Come in at the Top and Modernise Our Systems

This is an outstanding opportunity to install modern financial systems and take a pro-active role at Board Room level for a profitable and expanding company based in Middlesex, providing buying, merchandising and distribution services to 1500 shareholders (Independent Grocers).

Your objectives are two fold: help us maximise the efficient use of current assets, thereby releasing capital for further business opportunities, and the evaluation of new ideas.

The company is about to embark on a planned computerisation of its accounts, stock control, and management information systems. You will work with external consultants in the development and installation of these new systems, meeting the company requirement for enhanced management information and customer service.

Aged 35 years plus, you have worked in retailing, FMCG, distributive or service based industries at Chief Accountant level. You have had experience of the complete finance

function and have been involved in the installation of a computerised management information system. You are capable of making innovative proposals to the Board and, on agreement, taking responsibility for their implementation.

A key member of the management team, you will lead a department of 60 staff and be responsible for the Accountancy, Administration, Company Secretariat, Personnel and Legal activities.

The salary reflects the importance of this position and benefits include a company car, BUPA, pension, life assurance and relocation assistance where appropriate.

If you feel you could meet the challenge, please telephone or write with full CV to our adviser John Costello of Cripps, Sears and Associates Limited, Personnel Management Consultants, Westminster House, 2 Minster Street, Reading, RG1 2JA. Telephone (0734) 502561.

Cripps, Sears

Chief Accountant City Partnership c£20k

Our client is one of the leading firms of City solicitors. It has several overseas offices and is well advanced in its planning to maintain a record of profitability and growth. The highly respected Chief Accountant is moving from London for family reasons and the Partnership Secretary wishes to appoint a first class replacement. With a staff of 15, the new Chief Accountant will take on a broad range of responsibilities and assist with the Partnership's next major phase of development.

Candidates are likely to be in their late 20's with at least 2 years' post-qualification experience. Consideration will also be given to older candidates with relevant experience outside the accounting profession. Please send adequate cv details in confidence to Karen Will (ref. LM81) at Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.



Spicer and Pegler Associates
Management Services

Group Financial Director

c. £35,000 + car



The Metropole Group of Casinos is a division of Lorrho PLC, operating a UK-wide network of casinos, including some of the most prestigious of London's clubs. The Group is currently undergoing an organisational transformation, brought on by the scale of our growth, an enviable record and some exciting development plans.

Our new Financial Director will need to be a dynamic personality, proactive rather than reactive, and capable of contributing to the Group's management at the highest level. Only a professionally qualified accountant with these qualities and a background in senior financial management is likely to possess the stature necessary. The ability to quickly assimilate the terms and implications of the Gaming Act is also of paramount importance and if combined with experience of the leisure industry will make you a particularly strong candidate.

For the right person the salary is negotiable and, in addition to a 2 litre car, benefits include BUPA and company pension scheme.

In the first instance write with full cv. to: Kevin Goodman, Group Personnel Manager, The Metropole Group of Casinos, 41 Upper Brook Street, London W1Y 1TF.

The Metropole Group of Casinos

Financial Accountant

c£18,500 neg+car London

International jewellers, Mappin & Webb, members of the Sears Plc Group of Companies, require a Chartered Accountant for their Head Office in Regent Street.

Reporting to the Financial Director, and very much a part of his team, you will be responsible for a small department preparing statutory accounts, taxation, VAT returns and monthly and quarterly figures to tight deadlines. You must be willing to undertake practical day-to-day financial accounting and you will be heavily involved in major redevelopment of D.I.R. systems. The job offers positive career development prospects both within the Company and in the wider group.

Candidates will have at least 3 years' commercial experience, ideally including retail, and will probably be graduates.

In addition to the negotiable salary, we offer an appropriate benefits package. Please send a comprehensive C.V. to Mr S Nicholson, Personnel Executive, Mappin & Webb Limited, 106 Regent Street, London W1R 6H.

Mappin & Webb

THE INTERNATIONAL JEWELLERS
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ACCOUNTANCY APPOINTMENTS

NEWLY-QUALIFIED

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examination.

We propose to publish the list in our issue of Thursday, September 26, which will also contain several pages of advertisements under the heading of "Newly-Qualified Accountancy Appointments". The advertising rate will be £37.00 per single column centimetre. Special positions are available by arrangement at premium rates of £44.00 per s.c. Newly-Qualified Accountants, especially Chartered, are never easy to recruit—don't miss this opportunity.

For further details please telephone:
Louise Hunter on 01-248 4864

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

ACCOUNTANTS

We're bringing together quality and fashion in accountancy TOGETHER!

We are a small team on a high level of interpersonal skills and particularly the ability to deal with people at all levels are important. Possibly a graduate, certainly a qualified accountant with several years experience which may have been in retail, you will find this position an interesting challenge which will make a positive contribution to both you and our future.

We offer you a salary c£20,000, plus a company car. So if you're in the market for a new challenge, get on the market of quality fashion with Together!

more information or write, enclosing your full cv, to: Mike Hawley, Managing Director, Together, 130 Chesham Road, London SW9 0HR. Telephone: 01-582 6541.

Together was formed last May. It designs and sells an exclusive range of quality fashion clothes and accessories through a prestige 52 page mail order catalogue and by concessions in 60 major stores throughout the country. Franchising agreements overseas make the catalogue one of the most widely available in the world.

Although only a relatively small company based in South London, we have the full backing of a large retail organisation, and we have achieved a multi-million pound turnover in our first year.

Following this expansion a new position has been created for an accountant to direct the financial operations of the company, using efficiency and expertise to improve the company's efficiency and profitability.

Because of our size you will need to be responsible for all aspects of the company's accounting and accept challenges and accept responsibilities for areas outside the normal accounting function.

YOUNG FINANCIAL CONTROLLER (designate)

to £20,000 + car

CRAWLEY

One of the UK's LEADING MULTI-NATIONALS has a turnover in excess of £1,100 million p.a. and employs c 25,000 people in over 60 countries. A major division within the group seeks a Financial Controller. It is engaged in INTERNATIONAL ENGINEERING CONTRACTING, has a turnover approaching £100 million and comprises several companies operating major contracts anywhere worldwide including the U.K., Europe, the U.S.A., Africa, the Middle and Far East.

This highly visible position involves acting as a vital member of a small and select head office team, liaison with senior management on financial issues, full involvement in commercial activities and the decision making process, and reports to the Financial Director. Key responsibilities include the monitoring of operating companies' performance, monthly management information, budgeting, annual financial accounts and systems development. Promotion prospects are excellent within the group as a whole.

Candidates should be qualified accountants, in the likely age range of 27-35, with at least 2 years commercial experience, probably in a line management or head office position. Experience in project management or contracting is useful but not essential.

A re-location package is available in appropriate cases.

Please send your career and current salary details to Barry C Skates at the address below.



M&A SEARCH INTERNATIONAL LIMITED
Berkshire House
Queen Street
Maidenhead SL6 1NF
Telephone: 0628 75956

CHARTERED ACCOUNTANTS

£15,000 - £20,000 + CAR

If you are young, qualified and looking for a new career, we're here to help you. With a wide variety of excellent positions in merchant banks, the service sector and a diversity of other blue chip companies, we are ideally placed to fill your job requirements. Our service is personal, professional and completely confidential. We may have just what you've been looking for so why not ring us today for an appointment or simply send us your C.V.?

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APPEAR EVERY THURSDAY
Rate £37.00 per single column centimetre plus VAT

Accountancy Appointments

US FRAGRANCE HOUSE

EARLY RESPONSIBILITY FOR A FAST TRACK ACCOUNTANT

MAYFAIR c. £17,000

Giorgio manufactures and markets a range of exclusive fragrances. Building on phenomenal success in the United States, the Company has established a marketing operation in London, which has already ensured distribution through selected stores in the UK and Europe.

We are now seeking a qualified accountant to join our management team in London and take responsibility for all statutory and management accounts. In your twenties, you will be an ACA or ACMA with just sufficient experience to build your confidence to shape the development of accounting practices and M.L.S. in a multinational organisation. Conversant with aspects of international trade you will be prepared to take a key role in the direction of this dynamic company.

This calls for a self-sufficient individual with a sense of style and an aptitude for success, who is looking to gain more responsibility in an environment that recognises talent and provides no career limitations.

Salary is negotiable around £17,000 p.a. Please send a detailed c.v. quoting ref C144 to our advisor Roger Juniper, Juniper Woolf & Partners Ltd, 22 New Concordia Wharf, St Saviours Dock, Mill Street, London SE1 2BB.

Giorgio
BEVERLY HILLS

Group Financial Controller

Up to £20,000 + car Shropshire

Our client, a well-established and profitable Company with an aviation background, is attractively located in Shropshire and has a second production unit in East Anglia. Its diversified and technically based products are world market leaders and there is a healthy export business.

Recent mergers and a policy of continued growth call for the early appointment of an ICMA qualified Financial Controller to take responsibility for all financial affairs and to help lead the Company to USM status.

Experience of introducing computer assisted accounts systems into a production environment is required together with personal energy, a "hands-on" style, and a commitment to corporate prosperity. Successful collaboration with the dynamic management team will lead to an early Board appointment.

A starting salary up to £20,000 is offered together with a 2 litre car, family BUPA, pension scheme and generous holidays. Relocation help is available if necessary.

Applicants in their thirties should send a full CV quoting ref. 1428 to:

Binder Hamlyn
MANAGEMENT CONSULTANTS
Tower Austin
Binder Hamlyn Management Consultants
8 St Bride Street London EC4A 4DA

The financial services industry is on the move. Are you?

The financial services industry is currently undergoing fundamental restructuring. As the largest and one of the fastest expanding UK firms of management and economic consultants, Coopers & Lybrand Associates are experiencing a growing demand to assist financial institutions to meet new challenges and opportunities.

Our Financial Services Group undertakes varied assignments, ranging from Strategic Business Planning and Market Analysis through Diagnostic Appraisal to the Design and Implementation of Operational and Financial Management Systems. A significant element of our systems work in the financial sector involves the development of long-term IT strategies and the design and implementation of improved computer and communication systems.

In response to this increasing demand for our services we are seeking further high-calibre specialists in Investment, Corporate Banking, Insurance, Treasury and Cash Management, Retail Banking and Building Societies. You will have at least 3 years' experience in the financial sector, and be a graduate aged 27-33, preferably with an additional relevant professional qualification. The remuneration package will be attractive if you match our requirements.

If you are innovative and self-motivated, can handle a job which is both creative and intellectually challenging and expect rapid career progress, please send a career résumé indicating your qualifications and salary progression including a daytime telephone number to Murray MacFarlane, Coopers & Lybrand Associates, Fleetway House, 25 Farringdon Street, London EC4A 4AQ quoting ref. 01/15.

**Coopers
& Lybrand**

For business committed to growth.

Finance Director

Hertfordshire

£30,000 + car

There is a strong commercial dimension to this post on the Board of the British subsidiary of a major Scandinavian corporation. A market leader in its sector, the company's revenues are approaching the £20m mark and it operates with considerable financial independence from the parent group.

Manufacture is largely overseas, with the UK company providing a strong technical department and service function. The Finance Director will be responsible for financial planning, reporting and control, as well as having an important role in the

international development, administration and overall management of the company. Candidates should be chartered accountants, at least in the mid 30s, and have worked at management committee level in a profitable unit of a substantial international company.

Remuneration will include a share scheme and senior executive benefits.

Please send cv, in confidence, indicating current salary, to M J Egan, Ref: AA26/8525/FT.

PA Personnel Services

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Hyde Park House, 80a Knightsbridge, London SW1X 7LE.
Tel: 01-235 0060 Telex: 27874

Hoggett Bowers

Executive Search and Selection Consultants
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Partnership Secretary/Administrator

Legal Profession

Manchester, c. £20,000 + Car

This is a new appointment within a highly respected, large partnership, comprising a major city office and several regional branches. Continued growth and the increasing demands on non-legal matters have given rise to this senior position. Responsibilities will include the introduction and effective control of all matters affecting the practice's profit and efficiency, ranging from financial and business controls to office administration.

Appropriate candidates will ideally be aged 35/45, of degree status and will almost certainly have an accounting qualification, ACIS, ACA or ACCA. Strong administrative abilities and presence are essential and the successful candidate must be capable of acting in a senior capacity within a highly professional environment. A background as Company Secretary/Administration Manager in a service or professional organisation is preferable.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to G. Soble, Hoggett Bowers plc, St John's Court, 78 Garside Street, MANCHESTER, M3 3EL, 061-632 3500, quoting Ref: 29639/FT.

FINANCIAL DIRECTOR

c.£25,000 + car + benefits

We are a growth-orientated residential estate agency and require a dynamic professionally qualified graduate accountant, with past qualification experience ideally in industry. This is an exciting opportunity for a person aged ideally between 28 and 32 who is able to update and refine our existing computerised financial and management control systems and help take us into the next phase of our dynamic business development.

If you are looking for a real challenge and would like to work as part of a young team in a fast-moving environment write today with full c.v. to:

Nigel Corradi, Managing Director
CHESTERTONS RESIDENTIAL
116 Kensington High Street
London W8 7RW

Chestertons

Financial Analyst Corporate Planning

c.£20,000

Central London

For a major British company which is a leader in its field. The main role will be the collation, processing, validation and critical analysis of computerised planning information, particularly in relation to short-range forecasting, group budgeting and exchange fluctuations, in conjunction with computer specialists. There will also be opportunities to participate in ad hoc projects.

Candidates, aged 27-32, should ideally be graduate chartered accountants with experience of sophisticated computerised management planning systems, with the ability to understand finance/business in an international context. Excellent prospects exist within the Group. Remuneration will include a generous salary, contribution towards BUPA pension scheme, season ticket loan, five weeks holiday, relocation expenses where applicable, and the possibility of a company car.

Please send a full c.v. to Bernard L. Taylor, MBIM, quoting ref: 6795 or telephone for a personal history form.

**Mervyn Hughes
Alexandre Tic
(International) Ltd.**
Management Recruitment Consultants



37 Golden Square,
London W1R 4AN.
Tel: 01-434 4091

FINANCIAL DIRECTOR (DESIGNATE)

Age 25/35 South Manchester £16/20,000 + Car + benefits

AVT is a young and successful company, that has built up an excellent reputation within the oil industry as a specialist engineering consultancy. It has also developed a new sophisticated product that is about to be launched in the market place creating tremendous new opportunities. Due to this exciting development and the fact that the company has grown rapidly in recent years, a Qualified Accountant is now required to become F.D. (Designate).

The position is an all embracing one. It will involve being responsible for the accounting and administrative function. Additionally, it will include the appraisal and improvement of the existing computerised systems, the installation of a contract costing system as well as introducing a meaningful management accounting package that will include cash and profit forecasts, budgets etc. The position will also involve advising the Board on all financial matters.

The successful candidate will have commercial acumen and already have had a proven record to date. He/she should be able to communicate at all levels, be technically sound, and have the flair, enthusiasm and flexibility to join a Company that has an excellent future.

The candidate will also have a small staff to control and will report directly to the M.D.

Prospects are obviously good, particularly as AVT has already had preliminary discussions with a view to an eventual flotation. This means, of course, that it is essential that he/she will be capable of guiding the company through to its new status in the future.

Please contact Lawrence Barnett at our Manchester Office, quoting Ref no. FTM 101

22b Dale Street,
Liverpool L2 5SD.
Tel: 051-236 9373

ASB
RECRUITMENT LIMITED

64 Cross Street,
Manchester M2 4JQ
Tel: 061-834 0618

FINANCIAL CONTROLLER

We are a multi-disciplinary practice of consulting engineers primarily in the building industry. Since our inception in 1976, we have achieved a dynamic growth pattern having experienced a sixfold increase in staff and a fivefold increase in turnover. Present staff complement is 120 and turnover is projected to exceed £3m in the next financial year. Offices are maintained in London, Newcastle upon Tyne, and Edinburgh. In order to maintain that record and improve our financial planning and control we are seeking to recruit a Financial Controller. The successful applicant, who will report directly to the Partners, will assume overall financial responsibility for practice affairs including:

- ★ Short- and long-term financial planning.
- ★ Tax planning.
- ★ Management accounting and cost control systems.
- ★ Liaison with external advisers.
- ★ Restructuring and diversification of the Partnership's interests.

Applicants should have experience in a similar position but not necessarily in a partnership structure. A lower age limit of 30 is envisaged. The post will be based in our Newcastle upon Tyne office, which is situated in a modern office complex some five miles to the north of the city. The area provides a wide choice of good housing and schools as well as easy access to Northumbria and the Lake District. A substantial remuneration package including company car, pension plan, profit sharing, and competitive salary will be attached to the position.

Applications to: Dr. B. Johnston
CUNDALL, JOHNSTON & PARTNERS
Horley House, Regent Centre, Gosforth
Newcastle upon Tyne NE3 3LU
091-284 6801

SENIOR MANAGEMENT ACCOUNTANT Liverpool

c. £15,000

Our client, a well-established, profitable TV Distribution Company, currently seeking to expand its retail business through a nationwide network of branches, wishes to appoint a Management Accountant to its senior team.

This new appointment reports direct to the Financial Director and in addition to having responsibility for the provision of regular management reports, budgets and financial forecasts, the successful candidate will also undertake performance reviews and investigations into new business development.

This key opportunity will appeal to a career minded, professionally qualified accountant with at least 3 years management accounting experience, ideally gained within a retail or service environment and in the 25-40 age bracket.

Personal qualities sought include effective verbal and written communication skills, with the ability to present cogent and reasoned arguments to Board level. Equally important are good interpersonal skills and the strong desire to take the initiative.

Please apply in confidence to: Stephen Mawditt

Senior Management International
Executive Search Consultants



Landseer House
19, Charing Cross Road
LONDON WC2H 0ES

Accountancy Appointments

Chief Accountant Midlands

c£20,000 + Car + Relocation

A recent promotion within this UK High-Tech group has created the need for an experienced Finance professional to join a highly successful and progressive management team based in the Midlands. The Company is a recognised leader in the design, development, and manufacture of sophisticated electronic systems for the Military and Civil markets in the UK and overseas.

Applications are invited for the position of CHIEF ACCOUNTANT to be responsible to the General Manager for all financial management aspects of a £40M T/O company. Reporting functionally to the Financial Director it is essential that prospective candidates demonstrate high levels of technical and management skills developed within a high-tech electronics manufacturing environment, with exposure to defence or related contracting.

Candidates, 28-40, ACMA/ACCA/ACA, with a proven career history, will enhance future progression by joining a group at the forefront of technological innovation in its field.

Please call or write in confidence enclosing full C.V. to
ALEX STEELE.

Gabriel Duffy Consultancy — Financial Search and Selection
130A Western Road, Brighton, BN1 2LA Telephone (0273) 29822

**Gabriel
Duffy
Consultancy**

Accounting in Oil

This major international oil company has extensive exploration, production, refining and marketing operations under its control in areas ranging from the North Sea to Africa and the Middle East.

It currently has openings in the Internal Audit Department, based in Central London, which will entail travelling widely throughout the region, and frequently working with joint venture teams on various operational and financial projects. Candidates will have the opportunity to move into the

mainstream finance area, with excellent career paths open within the international corporation.

Ideally, candidates will be qualified accountants who see internal audit as a good stepping-stone from the profession into industry. Consideration will also be given to part-qualified accountants. A highly competitive salary is envisaged based on experience.

Please send full cv which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.)
Ref: K2056/F/T

**PA
PA Advertising**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6000 Telex: 27874

Finance Director Designate

Age 30-40

c.£20,000 + car

Sussex, Surrey border

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The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations. We will be including in this feature "The Newly-Qualified's Guide to Recruitment Consultants."

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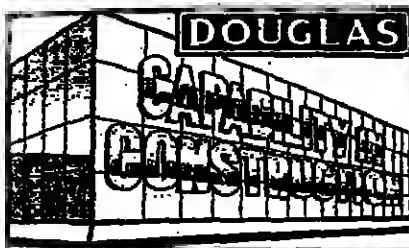
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday September 19 1985

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New law sought to clear Milan bourse log-jam

BY ALAN FRIEDMAN IN MILAN

A LAW to streamline the cumbersome Italian equity settlement and clearing system may be approved by Parliament in the next few months.

The legislation, which in part represents the efforts of several Italian regulatory authorities such as the Bank of Italy and the Consob stock market agency, comes amid increasing complaints from foreign investors about long waits for certificates.

Frustration is growing over the bureaucratic problem because foreign investment in the Milan bourse is reaching record levels.

Settlement dates have been getting later as volume has grown. Daily share volume is now six times what it was a year ago.

The Milan bourse has seen its total market capitalisation rise from L50,000bn (\$25.6bn) at the beginning of this year to L82,000bn this month.

The BCI share index has risen 75 per cent since last January, along with big rises in the share prices of companies such as Olivetti, Fiat, Montedison, and Generali.

The Italian share-clearing system, much of which is handled by a Milan-based company called Monte Titoli (literally, "Share Mountain"), is acknowledged to be in serious need of an overhaul.

Wall Street investors in particular have been irked by delays in deliveries of share certificates, which, in some cases, have taken up to four months.

Dr Guido Roberto Vitale, managing director of Euroborsa, a Milan investment banking group, said the delays were not affecting foreign investor interest in Italy. "It is, however, a problem, because service must be up to expectations," he said.

Chase Manhattan, the large U.S. bank, recently sent a circular letter to clients investing in Italy, warning of lengthy delays and difficulties in share transactions.

In London Ms Deborah Rees, who follows Italy for stockbrokers Greaves and Grant, said it often took "quite a long time before settlement takes place." But she did not see the delays damping potential investors.

According to an official of the Consob regulatory agency in Rome, legislation to streamline the system was first discussed last spring, introduced in parliament in June, and approved by the Senate on July 11.

If the legislation now passes the Chamber of Deputies it could point the way towards a faster and eventually electronic clearing system. But even if the law is approved soon, few market analysts expect much change in the system before next spring.

Richardson Vicks sets up bid defence

By Terry Dodsworth in New York

RICHARDSON-VICKS, the U.S. skin and health care group, has strongly rejected a takeover bid from Unilever and declared a new share issue to strengthen its defences against the Anglo-Dutch group.

Mr John Scott, president and chief executive of the Connecticut-based company, told shareholders that Unilever's two-tier bid was designed to "pressure the company's board" into entering into a transaction it had decided was not in the best interests of the shareholders.

He said: "We will not be coerced by this tactic into taking action dictated by Unilever's interests and not those of our shareholders."

The new issue of special preferred stock is a variation on a tactic used frequently in U.S. bid battles. Richardson-Vicks said the distribution, in the form of a dividend to common stockholders, was intended to afford long-term shareholders a greater voice in the affairs of the company.

The distribution will also, Richardson-Vicks adds, "make it more difficult for any person, including Unilever, to acquire the company on terms which the board of directors determines are not in the best interests of the company and its shareholders."

The key element in the new series A preferred shares is a provision to give different voting rights to long and short-term holders. Shareholders on the issue date of September 27, when one preferred share will be distributed for every five common shares, will be entitled to 25 votes a share on any issue submitted to stockholders.

However, if the shares are acquired after the issue date, holders will be allowed only five votes a share until they have held them for 36 months.

Richardson-Vicks also proposes to pay higher dividends as a result of the new issue.

Unilever hit back at Richardson-Vicks yesterday by asking the courts to block the issue of the new preferred stock on the grounds that it would pose a "significant barrier" to its tender offer.

The Anglo-Dutch group has already sued Richardson-Vicks in the federal district court in New York, alleging that a share buyback programme launched by the U.S. company last week was aimed at blocking a merger.

BELGIAN STEEL GROUP WARNS OF FURTHER LOSSES

Cockerill recovery faces delay

BY PAUL CHEESERIGHT IN BRUSSELS

COCKERILL-SAMBRE, the state-owned Belgian steel producer, will shortly announce first half losses of Bfr 3.18bn (\$54.8m) and forecasts that full year losses will be around Bfr 6m.

The losses, which were predicted, emphasise setbacks in the company's restructuring plan, although executives noted yesterday that it was slowly re-establishing itself.

Hopes of break-even have been pushed back to 1987-88, although the general European Community aim for steelmakers has been to make them financially viable by the end of this year. Losses next year are expected to be Bfr 2bn.

Against the background of these figures, Cockerill-Sambre is entering a new era. Its restructuring plan, announced in 1983, was devised by M Jean Gandois, a French executive who performed the same service for Arbed of Luxembourg.

M Gandois was then asked to put the plan into operation. But he is scheduled to leave the group at the end of this month. Cockerill is now headed by M Raymond Levy.

M Gandois' departure signals the end of a major stage in restructuring that has encompassed not only plant closures but also a new agreement with the trade unions, a production sharing and joint investment plan with Arbed and a reorganisation of Cockerill's commercial operations.

From the end of this month M Levy will have to make the new, slimmed down Cockerill work. The problems of the first half of this year indicate that it will not be easy.

Some of the problems are not of Cockerill's own making. The losses have been related to the strength of the dollar, and Cockerill buys more in the dollar zone than it sells. They have been tied up with the general sluggishness of the European market of the 4.2m tonnes of steel Cockerill produced last year, 3.4m were sold in the EEC.

Also outside Cockerill's immediate control has been the fact that the restructuring plans for Cockerill caused such a domestic political rumour that the plan came into effect nine months later than M Gandois had intended. He calculates that this cost the group Bfr 5bn, some of the effect of which has shown through in the half year results.

Like other steelmakers Cockerill was not helped by the appalling weather in the first two months of the year.

But that weather also coincided with an outbreak of labour unrest at Cockerill, whose main works are in the Liège and Charleroi steel basins. The cost of that was Bfr 1bn.

All these factors, short and long term, brought together meant that Cockerill has had to revise its financial forecasts. At the end of 1984, it was predicting a net loss of Bfr 5bn for this year.

On the face of it, Cockerill ended 1984 with a profit of Bfr 4.1bn but that was only achieved by running

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On the face of it, Cockerill ended 1984 with a profit of Bfr 4.1bn but that was only achieved by running

in to the accounts exceptional gains flowing from the financial restructuring of the group and the provisions of funds from the Belgian Government to pay for early retirements.

The Government now owns directly 65 per cent of the shares, while national and regional investment funds hold a further 32 per cent. The total number of remaining shares are a speculative counter on the Brussels bourse.

M Levy's task now is to seek heightened competitiveness for the group. This will come partly from the more efficient merging of activities between the two steel basins. But it will also have to come from lowering labour costs relative to those of competitors.

Cockerill's workforce has been cut in half to just under 20,000. Labour costs fell from Bfr 26.2bn to Bfr 21.2bn between 1980 and 1982, but have since started to creep up again, reaching Bfr 23.4bn in 1984.

Trading deregulation ruling means big saving for AT&T

BY PAUL TAYLOR IN NEW YORK

AMERICAN Telephone and Telegraph (AT&T), the giant U.S. telecommunications group, yesterday means AT&T will now be free to market its equipment and long-distance telephone service together instead of being forced to maintain one sales force to sell the services of AT&T Communications, its long-distance business, and another to sell equipment like computers and telephone switching gear.

AT&T's equipment manufacturing competitors had argued that such a move would place them at a serious marketing disadvantage and would allow AT&T to subsidise its equipment business with revenues from long-distance telephone operations.

The FCC, apparently in response to these concerns, said it would require AT&T to file an accounting plan explaining how it will keep revenues from the two businesses separate and imposed a series of other requirements which are designed to ensure fair competition in the telephone equipment market.

The FCC ruling does not affect the requirement that AT&T offer special computerised telephone services through a separate subsidiary. The FCC also rejected an AT&T plan to offer a cut-price long-distance telephone service called

"Pro America," mainly to small businesses.

AT&T said it would cut 900 union jobs or 15 per cent of the workforce at its Allentown, Pennsylvania semiconductor plant by the end of this month because of lower than expected sales.

The job reductions come against the backdrop of probably the most severe downturn ever in the computer and semiconductor industries. They follow a massive 24,000 or 21 per cent job reduction announced last month at the group's Morris Township, New Jersey information systems unit, which manufactures and markets communications and computer equipment.

AT&T said the latest cuts were necessary to reduce manufacturing output and match recent declines in sales forecasts. The company said the Allentown layoffs were unrelated to the earlier job cuts in its information systems division.

The plant, which employs 8,000 workers, manufactures a range of micro-electronic components sold to outside customers or used in AT&T's computers and other products.

The distribution will also, Richardson-Vicks adds, "make it more difficult for any person, including Unilever, to acquire the company on terms which the board of directors determines are not in the best interests of the company and its shareholders."

The key element in the new series A preferred shares is a provision to give different voting rights to long and short-term holders. Shareholders on the issue date of September 27, when one preferred share will be distributed for every five common shares, will be entitled to 25 votes a share on any issue submitted to stockholders.

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Eurodollar new issues exceed \$1bn

BY MAGGIE URRY IN LONDON

THE RUSH to borrow in the Eurodollar market materialised yesterday with more than \$1bn raised in the Eurodollar sector alone.

The World Bank, unusually, chose Morgan Stanley to lead a fixed-rate issue for \$200m rather than Deutsche Bank, its usual lead manager.

The 15-year bonds pay a 10 per cent coupon and are priced at par, but investors only have to put up 13 per cent of the issue price at the outset with the balance due next April. The bonds were trading just within the 2 1/2 per cent fees.

The European Investment Bank later awarded a mandate for a \$150m seven-year issue to Union Bank of Switzerland (Securities) after asking banks for bids. The terms looked tight at a 10 1/2 per cent coupon and 100 1/2 issue price. Fees are 1 1/4 per cent and the bonds were bid just outside that level.

Two other fixed-rate issues were launched. Commerzbank led a \$50m seven-year deal for Norwegian company Elkem, with a 10 1/2 per cent coupon and par issue price. Late in the day Orion Royal Bank launched a \$75m issue for Österreichische Postsparkasse with a five-year life

and a 10 per cent coupon with a 100 1/2 issue price.

Two floating rate note issues appeared and both were moving slowly. Merrill Lynch was said to be doing a good job with a \$300m 15-year mismatch issue for Ireland which pays the higher of the one-month London interbank offered rate (Libor) or the six-month mean rate between Libor and Libid.

The issue price was set at 100.10 and fees total 17 basis points. The bonds were offered at 99.97, just above the level at which managers own the bonds.

A \$250m floating rate for Chemical New York, the Chemical Bank holding company, was having a tougher time. Salomon Brothers won the deal in the face of heavy bidding and set terms for the 12-year bonds at 1/4 per cent over three-month Libor with a par issue price. The bonds were trading outside the 16

basis point commissions.

Eurodollar bond prices weakened yesterday following a lower opening in the New York bond market.

The World Bank stuck with Deutsche Bank for its DM 600m 10-year deal which pays a 6 per cent coupon and was issued at par. The bonds were moving well at prices around 99.

Superfos, the largest Danish industrial company, launched a DM 150m 10-year issue led by Citicorp. This pays a 7 per cent coupon and is par priced. Here, too, the bonds were selling within the 1/4 per cent concession.

D-Mark bonds were little changed in the secondary market yesterday.

Electricité de France found that an 11 1/4 per cent coupon was the right level for a five-year issue in the Euro-French franc market. The Bfr 500m offering was issued at par and led by Crédit Lyonnais. Fees total 1 1/4 per cent and the bonds were trading at around 98 1/2.

In the Swiss franc market traders are expecting the World Bank to launch the second zero coupon issue, with terms rumoured at a

SwFr 600m redemption amount and a 30-year life with an issue price of 107.0. Likely lead manager is Morgan Guaranty but it declined to comment on the issue yesterday.

SBC indicated a 6 per cent yield for a SwFr 70m eight-year issue for Korea Development Bank, the first public issue for a Korean borrower in this market.

UBS announced a SwFr 18m private placement for Nakano with a five-year life and a 5 per cent coupon. Issue price is par.

Swiss franc bonds were mixed with prices unchanged on average yesterday.

Foremark, the Swedish power group, launched a five-year issue in the Danish krone market for Dkr 250m led by Svenska International. This pays a 10 1/2 per cent coupon and is priced at 100 1/2.

In the European currency unit market, SNCF of Luxembourg launched an Ecu 40m 10-year bond with a 9 per cent coupon. Banque Internationale à Luxembourg will set the price next week.

International bond service, Page 21

Romania to go ahead with \$150m Euroloan

BY OUR EUROMARKETS CORRESPONDENT

ROMANIA is pressing ahead with plans to raise a \$150m, five-year loan in the Euromarkets, despite reports earlier this week that it intends to repay all its \$7bn foreign debt within the next two or three years.

The credit, which bears an initial margin over London Eurocurrency deposit rates of 1 1/4 per cent rising later to 1 1/2 per cent, is already nearly fully underwritten and should be entering syndication soon, bankers said yesterday.

Though Romania has long pursued a policy of winding down its foreign debt, it needs the money because of cash-flow problems caused by this year's severe winter. The deal is the country's first significant borrowing in the Euromarkets since 1980.

Earlier this week President Nicolae Ceausescu told the official news agency Agerpres that Romania will have repaid about half its 1980 debt by the end of this year.

The new deal does, however, carry a grace period of nearly three years before repayment falls due to give Romania considerable leeway to absorb this year's cash-flow slump.

Almost all the eight major banks which advised Romania on its rescheduling in 1982 and 1983 have agreed to underwrite the credit, but the group has already been expanded with other names. The underwriting group should be completed early next week and the deal will go into syndication shortly thereafter.

Thais launch record European borrowing

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THAILAND yesterday launched a \$300m, 10-year credit in the Euromarkets, a record borrowing for the fledgling European sector and the first deal of any size since Sweden's abortive attempt to raise \$100bn this spring.

Bank of Tokyo and Citicorp have been mandated to lead the deal, which is to go through a whitewash process of syndication and be signed next Thursday. Already last night bankers were talking in terms of a possible increase to as much as \$750m.

At that level, the credit would be more than twice as large as the most recent Euroyen credit, a \$300m deal arranged last month for the Korean Exchange Bank.

The terms provide for a margin of 1/4 per cent above Euroyen deposit rates for the first two years rising to 3/4 per cent thereafter. Repayments are to begin after a grace period of five years.

Bankers note that these margins are only slightly higher than the terms of the abortive Swedish credit which met universal resistance from the Japanese banking community with a margin of 1/4 per cent.

The Thai credit, however, has obviously been launched with a great deal of preparation and ground-work. A positive response is expected from the banking community which should rejuvenate a sector that has struggled to get off the ground since the Swedish flop.

All of these Securities have been offered outside the United States. This announcement appears as a matter of record only.

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Also outstanding Notes of \$10,000 each bearing the following distinctive numbers:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00

Payment will be made in U.S. dollars on and after October 30, 1985 upon presentation and surrender of the above Notes with coupons due January, 1986 and subsequent coupons attached, subject to applicable laws and regulations, either (a) at the office of the Fiscal and Paying Agent in New York, or (b) at the main offices of Morgan Guaranty Trust Company in London, Brussels, Frankfurt am Main and Paris, the main office of Societe Nationale des Chemins de Fer Francais, the main office of Morgan Bank Nederland N.V. in Amsterdam and the main office of Kredietbank S.A. Luxembourg in Luxembourg. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payee not recognized as exempt recipient liable to provide the paying agent with an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an exempted IRS Form W-9, certifying under penalties of perjury that the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Notes surrendered for payment should have attached all unexpired coupons appurtenant thereto. Coupons due October, 1985 should be detached and collected in the usual manner. On and after October 30, 1985 interest shall cease to accrue on the Notes herein selected for redemption and all conditions precedent to such redemption shall have occurred.

SOCIETE NATIONALE DES CHEMINS
DE FER FRANCAIS

Dated: September 19, 1985

INTERNATIONAL COMPANIES and FINANCE
Tokyo nearer to offshore market

BY JUREK MARTIN IN TOKYO

THE ADVENT of a Tokyo offshore financial market moved a little closer yesterday with the publication of what the Ministry of Finance considers to be its likely parameters.

As previously announced, its model will be New York's International Banking Facility (IBF), which does not permit the intermingling of domestic and offshore transactions.

Mr. Toyoko Goyhnen, head of MoF's international finance bureau, was unable yesterday to estimate when the Tokyo market would be in place. He said that depended on certain legal and financial considerations that may require parliamentary action.

The key elements of the scheme, as presented yesterday by a special subcommittee of the larger Foreign Exchange Committee, and was broadly endorsed by Mr. Goyhnen, are:

● Authorised foreign exchange banks (that is, Japanese banks and the Japanese branches of foreign banks) would establish offshore accounts completely separate from their domestic Japanese accounts. Transactions would be exclusively "out-out" in other words only offshore.

● Offshore account operations would basically consist of loans and deposits and be limited to non-residents, other offshore accounts, and the parent bank's domestic account.

● Although the report says that the tax and legal consequences of an offshore market would have to be "studied," Mr. Goyhnen made it clear that the MoF favoured reducing or abolishing any withholding tax on the interest on offshore accounts and was undecided only on how to implement such a change; similarly, exemption from interest and reserve requirements would be entertained.

● It would also be necessary to ensure that the offshore market was properly insulated from its domestic counterpart, as was the case in New York, so as to ensure that the effectiveness of domestic monetary policy was not impaired.

Mr. Yusuke Kashiwagi, chairman of the Bank of Tokyo and of the report's drafting committee, doubted that, initially at least, the Tokyo offshore market would permit trading in securities. He noted that the New York IBF did not.

Both Mr. Kashiwagi, a former senior MoF official, and Mr. Goyhnen, a leading advocate of the offshore facility, said it could make a significant contribution to the internationalisation of the yen and to the development of the Asian-Pacific region as a fully-fledged financial centre.

Malaysia launches fund for expansion

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN Government yesterday launched a fund to stimulate expansion in manufacturing, agriculture, and tourism through concessional loans. Foreign-owned companies would be eligible under the scheme.

The fund is the latest of a series of significant measures taken by the government to encourage foreign and domestic private investment now that the government has decided to play a less active role in the economy.

The fund is designed to overcome the current high interest rates which the government feels have been the biggest obstacle to growth in business activity. Banks last cut their interest rates in June, by 1 percentage point, and average lending rates stand at around 14 per cent.

Under the scheme, announced by Mr. Daim Zaiduddin, the Finance Minister, the Government would pump the money into the banking system through the central bank, which will be the approving authority.

Mr. Daim said government funds would be placed with the commercial banks at 8.75 per cent, or a 1.5 per cent discount from the official base lending rate of the two largest local banks, Malayan Banking and Bank Bumiputra.

Loans extended by commercial banks to investors under the scheme will attract interest rates of not more than 1.25 points above the base rates of the two leading banks, or 11.5 per cent.

Banks, in welcoming the fund, said it would allow for the stimulation of new productive capacity without forcing banks to suffer a loss in profitability through a further reduction in interest rates.

Projects covered in manufacturing include new machinery, plant and equipment, factory buildings, and improvements in transport equipment.

For agriculture, loans will be given for new planting or replanting, research and development, tractors and other farm equipment. Priority will be given to projects producing food for local consumption or export.

Projects under tourism would cover improvements to tourist facilities, hotel construction, and renovation, but exclude those areas where there is already excess capacity. All the ventures must aim at generating new productive capacity, with priority given to export-oriented industries.

Morinaga downgrades forecasts

By Carla Rapoport in Tokyo

MORINAGA, one of the Japanese confectionery groups hit by commercial sabotage last year, said yesterday that its pre-tax profits for the six months to September are likely to drop to ¥100m (\$414,000) on sales of ¥578m.

The group had earlier forecast pre-tax profits of ¥125m on sales of ¥588m. The company also held out the possibility that it could drop into a loss in the first half.

The troubles, it said, are still related to the poisoning threat by extortionists last year. Morinaga says it is still aiming to achieve after-tax profits of ¥25m for the full year through the sales of land. As a result, it hopes to wipe out losses of about ¥23m carried over from last year and resume payment of an annual dividend.

Hearing on Galadari adjourned

BY KATHLEEN EVANS, GULF CORRESPONDENT

A GROUP of 18 United Arab Emirates and international banks and international creditors is not generally recognised.

The sum owed by the Galadari to National Bank of Abu Dhabi is relatively small compared with the debts to other foreign banks. There is a growing belief that the package could still be agreed even without the participation of National Bank.

Until the court adjournment on Tuesday, a number of banks were expressing reservations about upholding the moratorium and indicating that if National Bank of Abu Dhabi made progress in its case, they too would resort to legal action.

The banks were also known to have become concerned over recent actions by Mr. Abdul Rahman Galadari, the founding chairman of the group. Mr. Galadari was seen by banks as attempting to reassert his authority over the company and taking decisions without sufficient reference to the banks.

Amid this came the departure of Mr. Abu Moses, the group's chief executive, who had been handling the discussions with the banks on a daily basis. His

departure—whether by removal or resignation is not clear—has not generally been welcomed by the banks, although one commented that the negotiations were now at least being conducted properly.

One of the options believed to be under study by the banks involves the sale of the company's two major assets, the Intercontinental Hotel and the Dubai newspaper, Khalil Times, in order to help finance the restructuring package. Neither the attitude of the banks nor those of Mr. Galadari are yet clear on this.

Another possibility is for the Dubai Government to acquire the two major assets from the group. In an earlier bankruptcy case involving Mr. Abdul Wahab Galadari, a younger brother, the Government bought the Hyatt Regency Hotel for \$50m, which was viewed as being well above market prices. If Mr. Abdul Rahman Galadari can manage to sell his prime assets to the Government, a major part of his problems and those of the banks will be solved. However, the Dubai authorities have yet to make their views known.

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New Issue
September 19, 1985This advertisement appears
as a matter of record only.

EUROFIMA

Europäische Gesellschaft für die Finanzierung von Eisenbahnmateriale, Basel
Société européenne pour le financement de matériel ferroviaire, Bâle
Società europea per il finanziamento di materiale ferroviario, Basilea

DM 150,000,000

6 3/8 % Deutsche Mark Bonds of 1985/1997

Offering Price: 100 %
Interest: 6 3/8 % p.a., payable annually on September 15
Redemption: September 15, 1997 at par
Listing: Frankfurt, Düsseldorf, Hamburg and München stock exchanges

Deutsche Bank

Aktiengesellschaft

Bank für Gemeinwirtschaft
Aktiengesellschaft
Bayerische Vereinsbank
Aktiengesellschaft
Bankhaus Gebrüder Bethmann

Debit & Co.

DG Bank
Deutsche Genossenschaftsbank
Industriebank von Japan (Deutschland)
Aktiengesellschaft
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Westfälische Landesbank

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Girozentrale
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Merck, Finck & Co.

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Württembergische Kommunalbank

Girozentrale

Merrill Lynch International & Co.

Union Bank of Switzerland (Securities) Limited

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL

NOTES DUE SEPTEMBER 1996

Citicorp Overseas Finance

Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Unconditionally guaranteed by

CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 8 1/4 %

and that the Interest payable on the relevant Interest Payment Date,

December 19, 1985, against Coupon No. 5 in respect of US\$50,000

nominal of the Notes will be US\$1,058.51 and in respect of US\$10,000

nominal of the Notes will be US\$211.70.

September 19, 1985, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Midland Bank plc

Incorporated in England and Wales

U.S. \$300,000,000

Undated Floating Rate Subordinated Capital Notes

(Last Paid 1985/1986)

Notice is hereby given that the Initial Rate of Interest has been

fixed at 8 1/4 % and that the interest payable on the relevant

Interest Payment Date, March 18, 1986 against Coupon No. 1 in

respect of U.S.\$10,000 nominal of the Notes will be U.S.\$43.07.

September 19, 1985, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

New Zealand
studies foreign
exchange rules

By Dai Hayward in Wellington
NEW ZEALAND is considering a code of ethics covering foreign exchange dealings.

This follows a meeting between Dr. Rod Dean, the deputy governor of the Reserve Bank, and chief executives from trading banks and finance houses involved.

New Zealand police are currently investigating unauthorised foreign exchange dealings which reportedly involved a number of staff in more than one company.

The code of ethics would be similar to those already applying to accountants, stockbrokers and other professions.

DnC
Den norske Creditbank

US\$150,000,000

Floating Rate Capital Notes due March 1991

In accordance with the provisions of the Notes, notice is

hereby given that for the six month interest period from

September 17, 1985 to March 17, 1986 the Notes will

carry an Interest Rate of 8 1/4 % per annum and the

Coupon Amount per U.S.\$10,000 nominal of the Notes

will be U.S.\$49.36 and per U.S.\$250,000 nominal of

the Notes will be U.S.\$1,234.00

September 19, 1985

By: Citibank, N.A. (CSSI Dept.), Agent Bank

REPUBLIC NEW YORK

CORPORATION

US\$150,000,000

Floating Rate Subordinated

Notes due 2005

Notice is hereby given that in

respect of the Interest Period from September 19 to December

19, 1985, the Notes will carry an

interest rate of 8 1/4 % per annum.

The coupon amount payable on

December 19, 1985 will be

US\$213.28 per US\$10,000 Note.

September 19, 1985

The Chase Manhattan Bank, N.A.

London, Agent Bank



Malayan Banking
Berhad

US \$60,000,000

Negotiable Floating Rate Dollar

Certificates of Deposit due 1987 Tranche A

In accordance with the provisions of the Certificates,

notice is hereby given that the rate of interest for the

UK COMPANY NEWS

Fleet fires first salvo in bid defence

BY CHARLES BACHELOR

Fleet Holdings, the Daily and Sunday Express group which is fighting off a £228m takeover bid from United Newspapers, yesterday delivered a stinging attack on United's performance and the quality of its management.

Fleet summed up United as "a miscellany of recent acquisitions co-existing with a steadily declining core business of regional newspapers and a few magazines."

Fleet timed the publication of its 18-page defence document to coincide with the announcement of its results for the year ended June 1985. These showed a 28 per cent rise to £28.5m in pre-tax profits and a 7 per cent increase in earnings per share, before extraordinary items, to 20.1p per share.

United responded that Fleet had concentrated on the past and had not developed a clear strategy for broadening the base of its operations. The publication of Fleet's results had failed to have much impact on the stock market, it added.



Mr Ian Irvine, managing director of Fleet Holdings

indicated is necessary. "How are they going to achieve a 20 per cent cut without confrontation?" Mr Irvine said. "How is it that Rupert Murdoch and Robert Maxwell have not achieved that? We

believe in a process of technological change but it won't take place until the trial is to keep the newspapers on the street and make profits."

Fleet said that Morgan Gramplan, its magazines subsidiary, has increased its market share in the areas in which it operates to 36.2 per cent in the first half of 1985 from 33 per cent in 1984. It claimed market leadership in 21 of the 31 markets in which it operates.

It pointed to the 22.2 per cent rise in the Daily Express and The Star have of the national newspaper market compared with the 17 per cent held by the Express alone in 1977.

Fleet's national newspapers moved from a loss of £2.1m in the nine months ended June 1984 to a profit of £10.6m in the year ended June 1985. Fleet denied it had not developed new initiatives in the three years since it was floated off from Sir Nigel Brookes' Trafalgar House group, saying it had seen the potential to float

Reuters as a public company and also taken an active role in reviving TV-am.

It dismissed United's regional newspaper operations as showing declining sales and its magazines as being in declining markets. Taking away recent acquisitions, profits had fallen at United's original activities.

Operating profit at Fleet rose to £23.2m in 1985, against £17.2m the year before, on turnover which increased to £366m (£324m). Profit of the national newspapers rose from £4.6m to £10.6m while magazines increased profits from £5m to £10.79m.

Earnings per share, before extraordinary items and excluding the profit in 1984 from the sale of some of Fleet's Reuters shares (for a total of 14.6m), rose to 20.1p (£14.07p).

Fleet proposes paying a final dividend of 5.5p to take the total dividend to 8p compared with 5p previously.

See Lex

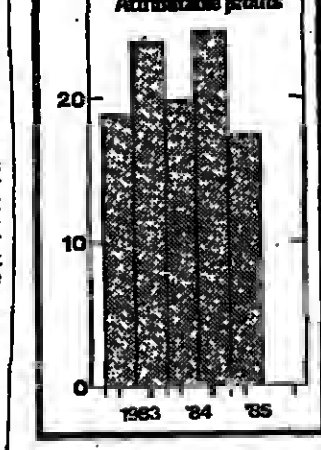
L & G hit by losses on general insurance

A FALL of more than 21 per cent in pre-tax profits from £25.3m to £19.9m was experienced by the Legal and General group, Britain's second largest life company, in the first six months of 1985.

A significantly lower tax charge helped to soften the blow, and reduced the decline in attributable profits to 14 per cent to £17.3m. Earnings per share slipped from 13.07p to 11.25p.

The interim dividend is being lifted by 13 per cent from 7.5p to 8.5p. Profits from long-term life and pensions operations showed a steady increase of 8 per cent from £26.4m to £28.5m, while profits from fund management rose from £2.9m to £3.2m. Profits from the group's leased business continued to expand, and more than doubled from £500,000 to £1.2m.

Non-linked life business profits also showed steady growth from £10.5m to



£12.6m, but pensions business only marginally improved by £200,000 to £7.3m, reflecting effects of the recession in the UK.

Overseas life profits declined slightly with U.S. life profits dropping from £5.5m to £5.3m and profits in Australia falling marginally from £1.6m to £1.5m.

However, L & G's general insurance business was hit hard over the period, particularly in the UK—the main operating territory. Total pre-tax losses rose from £5.7m to £13.5m after underwriting losses had swollen by £10.5m to £23.8m.

Premium income on general business in the UK rose to £1.2m from £0.8m. But the severe weather in the early months of the year sent underwriting losses climbing to £12.6m.

L & G is a major insurer of heavy structures in the UK and the winter weather cost it £10m in claims. Substantial claims on engineering and construction in the South-East and London and at Newcastle-upon-Tyne.

The board anticipates the completion of a record number of units in the second half, although at the current reduced margins.

Commenting on the group's commercial division, he says annual rental income receivables will exceed £1m for the first time this year. He reports "excellent progress" on two major schemes under construction in South-East London and at Newcastle-upon-Tyne.

The residential division is expected to produce a greater contribution to profits in the current half year than in the first six months, and the prospects for the commercial division are also encouraging.

Stated earnings per 20p share fell from 10.84p to 6.25p in the opening half.

Underwriting losses on other UK business doubled from £2m on premium income up £500,000 to £4.5m.

The market, having experienced some very poor figures from the other insurance groups, was prepared for the worst from Legal and General. So analysts were pleasantly surprised that pre-tax profits had declined by no more than a fifth. The general insurance losses were not as high as feared, despite the bad winter in the UK and higher reinsurance losses. Any disappointment comes from a lower than expected growth in life profits. Pensions business in the UK has stagnated from recession and so has profits. In contrast, business is booming for the US subsidiary, Banner, thereby imposing an initial strain and cutting profits in the short term. However, the outlook for the rest of the year is encouraging. Pensions business should pick up as the recession weds. Life business is growing steadily and the U.S. will soon bring profits growth. Premium increases in UK house insurance, with further planned should cut losses at least in 1986. The share price rose 25p to 670p, reflecting the market's relief at the results. The yield is 5.4 per cent on a prospective dividend, up by 16 per cent on last year to 25p.

comment

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Utd. Biscuits moving into olive market via £55m U.S. deal

BY DAVID GOODHART

United Biscuits, the largest group manufacturing group outside the U.S., has bought the olive division of Early California Industries (ECI) for not more than \$73m (£54.5m).

The olive division made a profit in the year to March 31 1985 of just over \$10m on a turnover of about \$20m. The net assets are estimated at \$50m.

The sale appears to have been prompted by ECI's heavy debt liability—the result of severe competition in its rice and wine divisions. But the olive market is growing by about 2 per cent a year according to United and profit growth of about 10 per cent is hoped for.

Early California Olives, which will become part of United's U.S. subsidiary, Specialty Brands, markets both black and green olives. It claims about 25 per cent of the black olive market and 5 per cent of green.

Cash forms 25m of the deal and the rest involves a vendor placing with ECI being allocated 18.3m new ordinary shares in United worth about £30m. They were yesterday placed with clients of Morgan Grenfell (United's financial advisers) and brokers Rowe and Pimms and Wood Mackenzie at 160p per share. United's share price yesterday fell 3p to close at 176p.

Mr Alistair Clarke, United's group treasurer, said yesterday that the olive company was a good business to find in the specialty food business and should provide considerable opportunity for cutting costs. The existing management would be staying with the company. Only about \$2m to \$3m of debt was expected.

United's previous diversifications in the U.S. have not all been successful but most analysts agreed yesterday that this acquisition represented a sound, if unexciting, move.

Mr Michael Landynore, of Henderson Crosthwaite, added that the timing was not particularly good while the company still has to come to grips with some of its underperforming assets.

Earlier in the year United announced a \$58.2m rights issue. The vendor placing will further increase its total share capital by about 5 per cent.

The cookie war in the U.S.—principally with Nabisco and Procter and Gamble—continued to dent United's half year figures announced last week. Pre-tax profit while the company rose to £36.3m and turnover increased from £347.1m to £392.2m. UK turnover was £488.2m and North American was \$462.7m.

See Lex

Utd News in £5m CTN deal

By Frank Kane

United Newspapers yesterday announced a £4.5m cash purchase of the retail newsagent chain CTN, formerly East Midlands Allied Press.

The acquisition is the second significant move into the confectionery, tobacco and newsagent (CTN) business which United has made in just over a year. In June 1984 it bought the Mills (North British) chain of CTN outlets.

The current acquisition, which traded under the name of Readwell, comprises 43 CTN retail shops and 13 shops trading as Gallery Cards. It made profits of £272,000 on turnover of £13.8m in the year to March 1985, and Mr Graham Wilson, finance director of United, said yesterday that he hoped to improve on those margins.

Mr Robin Miller, EMAP's chief executive, said that Readwell had been the subject of a number of enquiries over the past few years, and the group decided recently to concentrate on the mainstream publishing activities. It is understood that EMAP approached United towards the end of last month with a view to selling the chain.

The United shops division is trading well following the integration of the Mills outlets, which were bought as loss-makers and turned round to profit within three months. The purchase price compares with a book value of £1.45m for the assets at March 30.

Somportex loss

As forecast last January, pre-tax losses were suffered by Somportex Holdings, confectionery distributor for the year ended April 30 1985.

For the 12 months turnover was unchanged at £4.56m, while after an exceptional provision of £70,000 for costs of the anticipated disposal of a property lease, the taxable figure was £276,000. This is compared with a profit of £104,000.

Loss per 25p share is given as 7.07p, against earnings of 1.65p, after a tax credit of £78,000 (£58,000 charge).

Stewart Wrightson climbs 62% to £9.9m

REFLECTING insurance broking profits substantially ahead of the level achieved in the first half of 1984, Stewart Wrightson Holdings reports pre-tax profits up 62 per cent to £9.9m in the six months to June 30 1985.

Profit on broking and agency interest rose from £5.86m to £9.13m and insurance companies' profits were also ahead of the 1984 level at £872,000, compared with £482,000.

Following the disposal of Pubbrook Underwriting Management at the beginning of the year, the Lloyd's agency interests are run by Stewart Wrightson Members' Agency. The contribution of that company to group profit for 1985 will not be significant, say the directors.

The interim dividend is raised from 4.2p to 6.3p to reduced disparity, and the final dividend is expected in April in the light of the full year's trading results. Last year a final 13.5p was paid from pre-tax profits of £13.3m.

Commenting on the first half figures, Mr David Rowland, the

chairman, says the group benefited from a very firm insurance market which contrasted with conditions in the first half of 1984; currency factors also worked to the group's advantage. He adds, however, that circumstances are unlikely to be as favourable in the second half.

In his last annual report, he indicated that there might be problems in finding capacity to absorb risks. His comments have been fully justified and capacity has contracted dramatically, preventing the group from placing some of the business on offer. This is particularly the case with North American casualty business, where the group has a strong position.

Therefore, he says, he would not expect the group's income to grow as rapidly in the second as in the first.

The rate of growth in expenses is unlikely to moderate. In 1985, however, the group's brokers, there has been a very significant increase in the cost of the company's professional indemnity insurance.

Group turnover from broking

and agency interest rose from £31.91m to £38.48m. Trading expenses were up from £29.17m to £34.92m, leaving trading profits at £4.56m, compared with £2.74m. Investment income, less interest payable, amounted to £4.01m, against £3.08m, and share of results of associated companies was £589,000 (£444,000). Parame from £2.23m to £2.74m. Stated earnings per 20p share before extraordinary items improved from 15.23p to 26.55p (basic).

Tax took £3.82m (£2.73m) and after minorities of £159,000 (£109,000) and an extraordinary credit of £1.37m (£312,000), being net profit on disposals and closures after tax, attributable profits came out at £7.23m (£4.14m). Stated earnings per 20p share before extraordinary items improved from 15.23p to 26.55p (basic).

The net profit on disposals in 1985 was £1.37m, compared with the sale of Pubbrook, and profit of £776,000 resulting from the reduction in the shareholdings in Nanco Karaglan Group and Crest Insurance Holdings).

comment

Stewart Wrightson's results make a good case for the company's lock pretty time by reputation and its management deserves full credit for the efforts it has made since last year to put the group in a position to deliver such reliable figures. That said, the chairman is right to express caution over having high quality in both to deal with the market conditions. And currency factors, which acted very much in the group's favour in last year's second half, are unlikely to be so again this time. If there is only slight growth for this half, the full-year figure is going to be only marginally improved, say £10.5m to £11.5m, putting the shares, up 14p yesterday at 652p, on a prospective p/s ratio of nearly 14 after a 40 per cent tax charge. At that level they appear to be well up with events.

The remaining activities of the group have performed on or ahead of budget.

comment

The dose of optimism in the chairman's statement is little to comfort the effects of another dismal set of results from Bemrose and the shares edged down to 128p compared to a high of 235p before the technical market started to surface last year. Perhaps those problems are now over at last, and perhaps, following the loss of about 100 jobs, the security printing division is every bit as efficient as its competitors. However, the market will want some firmer evidence of recovery before re-rating the shares, and in the meantime may not be too kindly to news that margins are "not satisfactory" in the packaging business, and to signs that diaries and calendars are performing at roughly last year's levels. Partly as a result of rationalisation costs gearing is higher than 65 per cent and at the end of 1983 the company was paying for 80 per cent by year end. Desperate for cash, Bemrose can ill afford to lose the current legal dispute with Speil SA over the supply of a text processing system. Profits this year may be about £500,000, and if all goes well about £2.5m next year, still short of the 1983 output level. The share price might be lower were it not for the hopes that the company might get taken over.

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The market, having experienced some very poor figures from the other insurance groups, was prepared for the worst from Legal and General. So analysts were pleasantly surprised that pre-tax profits had declined by no more than a fifth. The general insurance losses were not as high as feared, despite the bad winter in the UK and higher reinsurance losses. Any disappointment comes from a lower than expected growth in life profits. Pensions business in the UK has stagnated from recession and so has profits. In contrast, business is booming for the US subsidiary, Banner, thereby imposing an initial strain and cutting profits in the short term. However, the outlook for the rest of the year is encouraging. Pensions business should pick up as the recession weds. Life business is growing steadily and the U.S. will soon bring profits growth. Premium increases in UK house insurance, with further planned should cut losses at least in 1986. The share price rose 25p to 670p, reflecting the market's relief at the results. The yield is 5.4 per cent on a prospective dividend, up by 16 per cent on last year to 25p.

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comment

Record results from Fleet.

**PROFIT BEFORE TAX
UP 62%**

1985: £28,523,000 1984: £17,635,000*

**EARNINGS PER SHARE
UP 43%**

1985: 20.10p 1984: 14.07p*

**DIVIDENDS PER SHARE
UP 60%**

1985: 8.00p 1984: 5.00p

*Excluding profit on sale of Reuters shares of £4.6 million, representing 4.70p per share.

Strong performances by all operations of the Fleet group combined to produce a record result for the year ended 30 June 1985 with

a profit from ordinary activities before taxation of £28.5 million.



This is an increase of 62 per cent on the previous year (excluding the profit on the sale of Reuters in 1984).

The national newspapers' operating profit before interest at £10.6 million was particularly encouraging and represented a 63 per cent increase on the previous year's figure.

The magazines turned in another excellent result with an operating profit of £10.8 million, an increase of 20 per cent on the previous year.

The local newspaper interests have been expanded by a number of acquisitions over the last year. None of these has yet produced

a full year's contribution but even so the operating profit from this sector showed an appreciable improvement.

Income from interests in related companies at £1.1 million reflected in large measure the improvement at TV-AM and contrasted with last year's share of losses.

A final dividend of 5.5p per share is proposed bringing the total for the

year to an increase of 60 per cent over that for the previous year.

Fleet's record results are compelling evidence



of the strengths of its business activities and the ability of its management team.



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SALE BY TENDER THE ASSETS OF RELIABLE TOY CO. LIMITED

Sealed tenders will be received by the undersigned as Trustees in the Proposal until 12.00 noon on Tuesday, October 15th, 1985, at 789 Don Mills Road, Suite 504, Don Mills, Ontario, for the purchase of the following assets:

- Parcel No. 1 The name Reliable Toy Co. Ltd.
- Parcel No. 2 The shares of Reliable Toy Co. Limited;
- Parcel No. 3 The inventory of finished goods;
- Parcel No. 4 Unfilled orders on hand approximating \$865,000; list to be provided to successful purchaser;
- Parcel No. 5 Tool and dies;
- Parcel No. 6 Value of raw materials at standard cost, \$871,170;
- Parcel No. 7 Manufacturing and production equipment;
- Parcel No. 8 Office furniture and equipment;
- Parcel No. 9 Plessey Computer with disk drive, tape back-up, 22 ports and software, two Amdex printers, two Plessey video terminals, eleven Lampscope video terminals;
- Parcel No. 10 Two PDP8 DEC Computers with four RK06 drives, each with interface boards and four LA36 Dectwriters (printers);
- Parcel No. 11 Mitel SX200 telephone system (Ericsson).

Envelopes containing tender must be sealed and clearly marked "Tender - re Reliable Toy Co. Limited."

The assets may be inspected by appointment only. Any tender submitted shall be subject to the Trustee's Conditions of Sale which are available from the Trustee.

The highest or any offer will not necessarily be accepted.

For additional information please contact Mr Richard Kline, C.A., at the office of the Trustee:

YALE & PARTNERS LIMITED
Trustee in Bankruptcy

789 Don Mills Road, Suite 504, Don Mills, Ontario M3C 3M2
Telephone: (416) 424-3020

Legal & General Group Interim Results 1985

Unaudited results for the first half-year of Legal & General Group Plc

- Higher long-term business and fund management profits.
- General insurance results hit by U.K. household claims.
- Interim dividend lifted to 8.5p (7.5p).

	6 months 30.6.85 £m	Re-stated 6 months 30.6.84 £m	Year 1984 £m
Group Premium Income			
Life and pensions	452.2	452.1	954.8
General insurance	119.0	107.3	220.2
Profit from operations			
Long-term business	28.5	26.4	53.7
Fund management	3.3	2.9	5.3
Short-term business	(13.5)	(5.7)	(12.2)
Shareholders' other income	0.6	0.6	(0.5)
Associated companies	1.0	1.1	1.8
Profit before taxation	19.9	25.3	48.1
Taxation	(2.3)	(5.1)	(2.8)
Profit after taxation	17.6	20.2	45.3
Employee profit sharing scheme after taxation	(0.3)	(0.3)	(0.6)
Profit attributable to shareholders	17.3	19.9	44.7
Earnings per share	11.28p	13.07p	29.27p

Note: The Group accounts for 1984 received an unqualified auditors' report and have been filed with the Registrar of Companies. Copies of the full half-year report will be sent to all shareholders. Further copies are available from The Group Secretary, Legal & General Group Plc, Temple Court, 11 Queen Victoria Street, London EC4N 4TP.



Legal & General

UK COMPANY NEWS

B & Q's popularity helps lift Woolworth to £7.5m

THE GROWING popularity of B & Q stores among DIY shoppers has made an impact on Woolworth Holdings' results for its traditionally quieter first half.

This, together with substantially reduced losses at the F. W. Woolworth retail chain, enabled the group to turn in a £7.5m profit, before exceptional items, against £800,000, for the period to August 3, 1985.

Mr John Beckett, the chairman, said the results were in line with expectations and "we look for continued growth in B & Q and the traditional surge in trading for Comet and F. W. Woolworth in the run up to Christmas."

The second half last year produced a pre-exceptional profit of £58.2m, and market analysts currently expect this to rise to £77.5m this year.

First half earnings per share were 3.2p (0.3p) pre-exceptionals and the interim dividend is being raised from last year's scrip issue adjusted 1.75p to 3p.

B & Q, which notched up a £4.3m rise to £16m, maintained profit margins in the first half and is poised to increase its number of out-of-town stores from 160 to 175 or 180 at the year-end.

Its popularity has improved substantially over the past four years according to a recent survey of 2,000 adults published by Harris International Marketing. Its share of buying trips among all DIY retailers was the highest at 10 per cent.

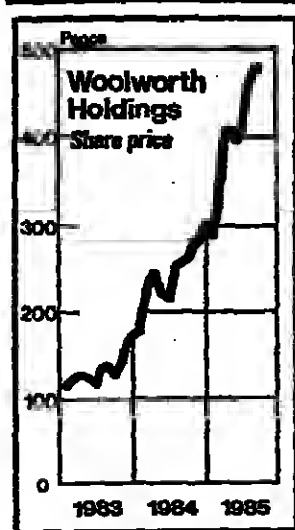
B & Q was "continuing to grow at quite a healthy rate," said the chairman who was also looking forward to prospect of Sunday opening at all of its stores.

"Their profits might have been even better if they were opening all stores on Sundays," he said.

Losses at F. W. Woolworth were cut from £24.8m to £14.7m through "tighter housekeeping, the elimination of some unprofitable stores and turnover and a better product mix," said Mr Beckett.

Mr Geoff Mulcahy, managing director, added that the emphasis in the Woolworth chain was on development rather than disposal and "getting to grips with the retailing issues."

Mr Mulcahy said the company was starting to split the stores into new chains and had recently opened a "Woolworth Mail" in Reading, a "Woolworth Weekend" at Hitchin concentrating more on leisure activities, and a "Woolworth General" at Dum-



DIVISIONAL ANALYSIS

	1985	First half 1984
Turnover	£m	£m
B & Q	192.7	142.2
Comet	119.0	57.4
Woolworth	454.3	464.7
Others	2.4	8.5
Total	768.4	672.8
Retail profit:		
B & Q	16.0	11.7
Comet	1.7	1.7
Woolworth	114.7	124.8
Other	10.7	1.0
Total	143.1	149.2

He said the group's overall strategy was to focus on clearly identified retailing opportunities.

B & Q and Comet, which was acquired last year, had clear identities and at Woolworths "we have identified a more limited number of target markets."

Comet, which had 175 stores at half-year and is quite dependent on Christmas trading, contributed an unchanged £1.7m to profits.

Group turnover for the first half climbed by \$96.8m to £768.4m, but was entirely due to B & Q and Comet which accounted for an increased £192.7m (£142.2m) and £119m (£57.4m) respectively.

F. W. Woolworth's turnover was down from £464.7m to £454.3m, accounting for a reduced 59 per cent against 69 per cent of the total. Woolworth had 780 stores in its main chain at the start of August and 82 superstores - 14 stores were closed in the first half.

Mr Mulcahy said the company was starting to split the stores into new chains and had recently opened a "Woolworth Mail" in Reading, a "Woolworth Weekend" at Hitchin concentrating more on leisure activities, and a "Woolworth General" at Dum-

stable with the emphasis on home products.

In addition, he said the company was still looking for acquisitions but stressed that "any acquisitions would be within our general concept businesses which have a clearly identified targeted market."

Mr May, the company raised £146m from a rights issue to help finance the £70m earmarked for B & Q's expansion, as well as the expansion and relocation programme for Comet and the revitalisation of F. W. Woolworth chains.

Property income in the first half fell from £24.6m to £22.3m as a result of disposals and higher interest charges, up from £13.5m to £17.1m, reflecting higher borrowings for working capital and higher interest rates.

Exceptional credits were considerably reduced from £31.8m to £2.2m by the lower level of property disposals by the Woolworth chain, which gave a pre-tax result of £9.8m compared with £52.4m.

The result was lower at £3.3m, against £15.6m, leaving an attributable balance of £6.6m (£38.8m).

See Lex

Active start for Lowe Howard

THE FIRST six months of 1985 at advertising agent, Lowe Howard Spink Campbell-Ewald (Holdings) have been very active and this gives Mr Frank Lowe, chairman, great confidence for the second half as new business begins to impact on group results.

On turnover down slightly from £24.57m to £23.95m, the chairman reveals pre-tax profits of £1.4m for the period, against a previous £1.2m, a rise of 15.7 per cent.

Mr Lowe's confidence of an "excellent result" for the whole year is reflected in an interim

dividend payment of 2p net per share. This is compared with a single distribution of 2.6p in respect of 1984.

Reading, a "Woolworth Weekend" at Hitchin concentrating more on leisure activities, and a "Woolworth General" at Dum-

The chairman explains that since being given a considerable amount of new work since the end of June, Lowe Howard has been appointed by The Mail on Sunday, the NCB Enterprises Board and the BBC the balance of its business has changed from last year and will be weighted towards the second half of the year.

Clients this year include Eastern Airlines, in advertise its London-Miami route, Whitworths, the Festival of India, the

U.S. toy retailer Toys 'R' Us, which is entering the UK market this autumn, and the company has been appointed to launch a new liquor, Mitzu.

Mr Lowe says that 1985 also saw the company's first advertisements for Tizer and for Ideal Standard, clients won in 1984, and that significant further business has been gained from existing clients, including Lloyds Bank which has appointed the agency to handle all of its advertising.

The chairman adds that, in the field of issue advertising, the group has been appointed to handle the corporate advertising of the Burton Group and has been retained by GEC to publicise its centenary next year.

Footwear importing side hits Paul Michael profit

A CONSIDERABLY worse performance from its footwear importing company has reduced pre-tax profits from £178,000 to £83,000 at Paul Michael Leisurewear in the first half of 1985.

The group, which came to the USM in September 1984, is again paying no interim dividend. There was a slight annual dividend of 1.25p in respect of the year to end-December from profits of £288,000.

The directors say that current trading in the footwear manufacturing and knitwear importing companies indicates that both should produce better overall profits in 1985 but these will be offset by poor results

from footwear importing.

They add, however, that group liquidity remains strong and they are continuing to seek suitable opportunities for expansion.

Turnover during the six months was down at £3.15 (£3.64m).

As stated at the time of flotation, and repeated in the annual report, the closure of the Romanian agency has meant consolidating alternative sources of footwear supplies. This will take longer than anticipated, the directors now say, and will not show benefits this year.

After a lower charge of £35,000 (£82,000), net profits emerged down from £98,000 to £90,000 for stated earnings per share of .7p against 1.3p.

APG recovery continues

Further substantial recovery was achieved by the Allied Plant Group in the six months ended June 30 1985. Turnover has more than doubled at £3.3m against £2.6m and there is a pre-tax profit of £189,613 compared with a loss of £8,669.

Earnings per share are 0.68p (0.25p loss); there is again no tax.

The figures, the directors state, reflect the continuing and substantial improvement in the group's affairs and were not influenced by any acquisitions, although the group did take a controlling interest in a small

company, T and F Equipment, during the period.

They state that market conditions generally continue to be difficult but the group has shown its ability to gain an increasing share of the various markets in which it operates, and to do so at improved profit levels.

Over the past two years Allied Plant has successfully completed a period of considerable rationalisation, coupled with some strategic acquisitions. The core businesses are now providing a firm platform for organic growth, whilst the directors continue to evaluate further acquisitions.

Jones & Shipman at £0.8m

Jones & Shipman, manufacturer of precision machine tools, has nearly quadrupled its interim taxable profits from £201,000 to £770,000.

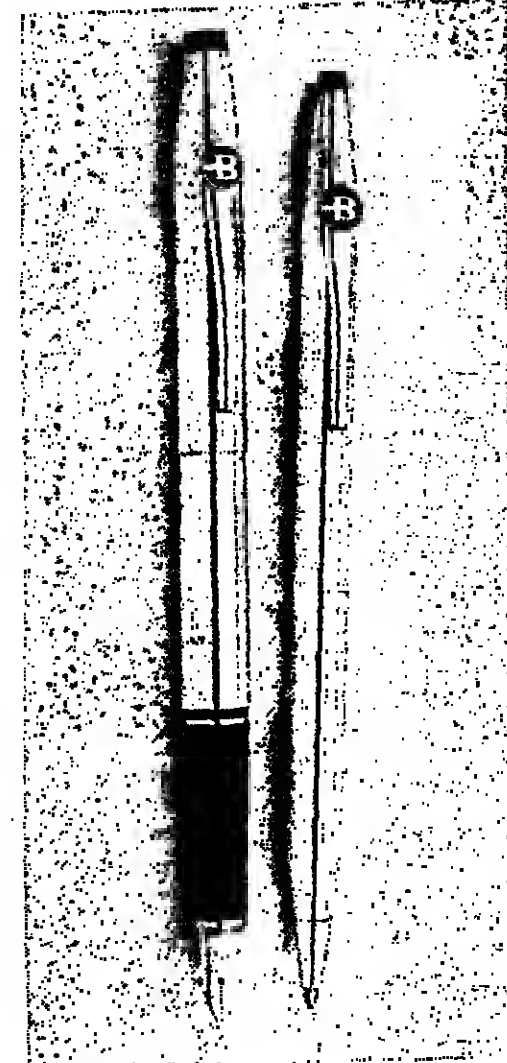
Turnover for the first six months of 1985 rose by £1.38m to £9.28m, generating a much higher operating profit of £749,000, against £204,000—the pre-tax result included interest credits of £21,000 (charges £3,000).

Earnings per share climbed from 1.7p to 8.3p and the interim dividend is 1.15p, compared with 1p which included a special 0.5p payment.

The directors say that the value of incoming orders to date is 25 per cent higher than the corresponding period of 1984 and orders on hand amount to about 44 months work.

However, they say that a sound home market is vital to the machine tool industry and it is therefore of some concern that, based on recent UK manufacturers' estimates, investment in capital goods during the next 12 months is not expected to rise over the current subdued level.

Despite this, they say that with the lively interest in the company's new products a greater share of the overall market can be obtained.



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The relevant interest payment date will be

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Public Works Loan Board rates

Effective September 13

Quota loans repaid at

Non-quota loans A* repaid at

Years by EPT At maturity by EPT At maturity

Over 1 up to 2 11 11 10 12 11

Over 2 up to 3 10 10 10 11 11

Over 3 up to 4 10 10 10 11 11

Over 4 up to 5 10 10 10 11 11

Over 5 up to 6 10 10 10 11 11

Over 6 up to 7 10 10 10 11 11

Over 7 up to 8 10 10 10 11 11

Over 8 up to 9 10 10 10 11 11

Over 9 up to 10 10 10 10 11 11

Over 10 up to 15 11 11 10 11 11

Over 15 up to 25 10 10 10 11 11

Over 25 up to 30 10 10 10 11 11

Over 30 up to 35 10 10 10 11 11

Over 35 up to 40 10 10 10 11 11

UK COMPANY NEWS

Profits nearly double to £10m mark at Britannia Arrow

NEARLY DOUBLED pre-tax profits of £10.05m, against £5.27m, were achieved in the first six months of this year by Britannia Arrow Holdings. Earnings per share rose from 2.3p to 4.3p—an increase of nearly 90 per cent.

Additionally, extraordinary profits rose by more than 40 per cent from £4.19m to £6.05m, giving earnings per share of 8.3p against 5.1p. The interim dividend is being increased from 1.1p to 1.2p.

Turnover, excluding banking and insurance, was down on the period from £290m to £286m. However, the UK and international investment management divisions increased profits by 86 per cent to £7.1m. The benefits anticipated from the reorganisation of the Derwent-based Financial Programs are now being seen.

The banking subsidiary, Singer and Friedlander, continued to make progress and contributed £5.19m, against £1.47m.

Profits from the life subsidiary are only included in the full year's figures after an actuarial valuation. The new offshore subsidiary, NEL Britannia International Assurance, was launched in January and sales have exceeded expectations. Late this year will see the launch of the offshore linked life company, NEL Britannia Assurance.

Saxon stake in onshore well

BY FRANK KANE

Saxon Oil, on the eve of the first closing date of the offer from Enterprise Oil, announced yesterday that it had acquired an 8.5 per cent stake in the onshore well Denison Mines of Canada.

Mr Edward Harris, of Saxon, said that it was "usual" at the company. The main attraction for Saxon was the 12.5 per cent Saxon interest in an onshore well in Fife, Scotland. The acquisition will increase Saxon's interest there to 25 per cent.

Enterprise also announced yesterday that it had made further purchases of Saxon shares in the market at the offer price of 540p. A block of 200,000 shares were bought on Thursday, to give Enterprise a holding of 4.96m shares, or 22.19 per cent of the total.

The first closing date for acceptance of the £121m Enterprise offer comes at 3 pm today, with many analysts anticipating a close on the offer.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Eng. output	Retail sales vol.	Retail sales value	Unem.	Vacs.
1984						
2nd qtr.	102.4	100.4	107	110.2	130.1	154.0
3rd qtr.	102.3	100.3	106	111.1	133.3	168.1
4th qtr.	103.4	101.3	104	112.6	164.0	166.5
1985						
1st qtr.	105.7	102.7	102	112.6	133.9	157.5
2nd qtr.	107.7	102.7	100	113.7	141.4	160.5
January	106.2	101.5	99.8	111.6	134.4	157.2
February	105.0	102.1	107	112.0	130.2	156.1
March	106.5	103.2	103	113.3	138.5	158.2
April	107.7	102.6	101	114.1	140.3	166.7
May	107.9	102.6	110	114.5	142.7	167.1
June	107.5	102.7	109	114.0	141.8	174.8
July	107.5	102.5	109	114.1	146.9	173.7
August	106.4	101.5	107	116.1	146.9	173.7

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods, capital goods, engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Hous. starts
1984							
2nd qtr.	101.6	95.5	105.5	98.8	107.4	97.7	18.0
3rd qtr.	102.0	97.7	104.6	100.2	110.8	98.2	16.2
4th qtr.	102.5	98.3	106.1	99.7	107.3	99.4	13.3
1985							
1st qtr.	102.3	101.5	108.9	103.0	112.1	98.9	13.9
2nd qtr.	102.0	102.7	112.9	103.4	121.6	99.3	18.0
January	101.6	100.7	108.7	102.0	110.0	98.0	11.7
February	102.4	101.0	107.9	103.0	111.0	98.0	13.2
March	102.0	103.0	110.7	104.0	110.0	98.0	15.0
April	102.3	103.3	113.1	103.0	120.0	99.0	17.9
May	101.1	102.5	113.9	103.0	122.0	98.0	19.9
June	103.2	103.4	111.7	104.0	123.0	102.0	17.9
July	100.8	101.5	111.5	101.0	120.0	98.0	18.2

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (€m); oil balance (€m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn
1984							
2nd qtr.	109.1	119.7	-1.171	-109	+1,543	97.3	15.51
3rd qtr.	109.9	122.7	-1.615	-363	+1,594	97.3	15.26
4th qtr.	119.7	129.1	-1.813	+434	+1,468	96.0	15.52
1985							
1st qtr.	120.5	128.5	-1.283	-585	+1,562	96.3	14.90
2nd qtr.	120.3	127.5	-2.22	+1,278	+2,361	97.9	14.11
February	123.6	127.5	-241	-12	+676	96.3	15.25
March	113.6	136.8	-977	-749	+289	96.3	14.83
April	120.7	129.7	-279	+269	+682	97.0	14.83
May	121.4	128.5	-252	+753	+535	98.0	14.98
June	118.4	126.9	-216	+294	+842	98.5	14.32
July	116.9	126.9	-86	+444	+893	142.6	14.26
August							

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0	M1	M3	advances	inflow	lending	rate	Base rate
1984								
2nd qtr.	4.6	24.5	11.1	18.9	1,785	2,876	9.25	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,813	10.50	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,498	2,945	9.63	9.63
1985								
1st qtr.	2.2	0.7	9.1	18.2	1,511	3,146	15.05	15.05
2nd qtr.	5.1	32.4	20.4	19.2	1,623	3,082	12.50	12.50
January	5.0	9.0	13.6	18.3	823	1,168	14.00	14.00
February	3.1	5.0	4.6	12.2	474	1,013	14.00	14.00
March	1.2	2.2	8.2	16.0	214	988	15.50	15.50
April	4.2	32.2	18.4	17.7	615	1,042	12.63	12.63
May	5.7	44.6	25.1	20.2	401	979	12.80	12.80
June	4.4	19.1	8.3	16.8	524		11.50	11.50
July								
August								

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured goods (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (1975=100).

	Earnings	Basic matri.	Wholesale	RPI	Foodst	FT	Strg.
1984							
2nd qtr.	185.9	124.3	122.0	359.9	329.1	385.08	79.8
3rd qtr.	189.6	124.1	122.8	368.8	326.4	388.6	78.6
4th qtr.	184.1	124.3	124.3	338.0	328.0	388.64	74.1
December	162.3	124.4	124.9	358.5	327.6	389.64	74.1
1985							
1st qtr.	165.4	148.2	136.6	362.9	332.8	395.22	72.0
2nd qtr.	162.2	148.2	136.6	362.9	332.8	395.22	72.0
January	162.4	145.3	135.9	359.8	330.6	396.98	71.2
February	164.6	147.6	136.6	362.7	329.9	395.73	71.2
March	168.1	145.5	137.5	368.1	334.4	395.22	73.2
April	169.4	145.9	137.9	372.9	338.8	395.08	78.0
May	169.4	138.8	139.5	375.6	339.3	379.98	78.7
June	172.0	136.7	139.9	376.4	340.1	378.13	79.9
July	164.0	140.9	140.9	378.5	352.1	378.51	81.4
August	135.9	140.2	140.2	376.7	353.3	354.24	81.6

* Not seasonally adjusted.

Bernard Matthews family sells 2.1m shares

By David Goodhart

MR BERNARD MATTHEWS, chairman of Bernard Matthews, the Norfolk-based turkey, beef and lamb foods group, yesterday announced a surprise sale of 2.1m shares owned by himself and family trusts at 450p per share.

The move, which reduces the family control from 53.2 per cent to 40 per cent, will net about £9.45m. Mr Matthews' beneficial interests in the company have been reduced from 5.8m to 3.7m. The share price rose 15p on the news to 465p, 48p above the previous day's closing price.

Mr Matthews said yesterday that in view of the substantial increase in the value of the family holding—the share price was as low as 220p in the year—it had been deemed prudent to diversify part of the investment.

A statement from the company added: "This diversification will not alter the commitment of Mr Matthews to the company. He has given an undertaking that, for a period of at least 18 months from September 18, he will not dispose of any further shares."

Public buys 10% of NHC issue

The National Home Loans Corporation's offer for subscription of 500,000 units of shares and convertible loan stock drew applications for about 10 per cent of the units from members of the public, Hongkong Bank announced yesterday.

The offer was in units comprising 100 ordinary shares and £100 nominal of 8 per cent convertible loan stock. The units were priced at £200 a unit, with £100 payable on application and the rest on a date between January 1 and September 30 next year.

Financial institutions undertook to apply for all of the units and were guaranteed 70 per cent of them plus the balance of those not applied for by the public. Some 2,887 applications for 550,105 units were received and the institutions will receive about 90 per cent of the shares.

Profit warning cuts 25% off Bepak share price

By Martin Dickson

THE SHARE price of Bepak, a manufacturer of aerosol valves, fell by more than a quarter yesterday when the company announced that its first half results were likely to be seriously affected by a trade dispute which had halted its sales of fire extinguishers.

Bepak, which set up a fire extinguisher business earlier this year, said that sales of this product had been handed through a UK company—not named—the which it was now "in serious dispute".

In a statement to the AGM, it added that sales had been halted and "may result in the need to provide for the possibility of a significant debt". Bepak expected this to be a temporary situation, but it was likely to seriously affect the first half results.

The company, which recorded a profit of £227m in the year to May, said that the outcome of the current year would depend on a number of factors,

including a return to fire extinguisher sales.

While it hoped to achieve record profits in the second half, the chances of reaching the 1984-85 results for the year as a whole were no longer realistic. Its shares closed last night at 180p, down 68p on the day.

The company also announced a substantial board changes yesterday, though Mr Andrew Schumann, the managing director, said those had been in the pipeline for some months and had no connection with the fire extinguisher problems, which were "very recent".

Mr Bob King, currently deputy chairman and non-executive director since November, is to become chairman and chief executive.

The present chairman, Mr Roy Dexter, is retiring, while Mr Schumann is stepping down as managing director to take up a new career in the arts. However, he will remain on the board and

spend about 20 per cent of his time on Bepak business.

It was also disclosed yesterday that another director, Mr Michael Schumann, disposed of 50,000 Bepak shares on September 5 at a price of 225p a share. Mr Michael Schumann and Mr Andrew Schumann between them held about 4m shares in the company, some 30 per cent of its equity.

Bepak, which went public in 1982, has been trying to diversify away from its past heavy dependence on one customer, Glaxo, which last year cut back drastically its demand for valves for its drug Ventolin.

Bepak said yesterday that it had made progress in reducing reliance on Glaxo, with sales of catheter valves increasing as planned and with the obtaining of an underwriters' laboratories approval in the U.S. for its first range of fire extinguishers. It felt it had established the basis for a "new phase of controlled growth."

Optimism at Iceland as profits rise by 17%

Iceland Frozen Foods Holdings, an expanding retailer of frozen foods, based on Desdise, said yesterday that its first half results were likely to be significantly better than expected.

The company, which went public in October 1984, is paying an interim dividend of 2.5p (nil).

Mr Malcolm Walker, chairman, said he is confident that the year results will show a satisfactory increase on last year's pre-tax profits of £2.7m in spite of the fact that the company had affected the sales of ice-cream and allied products.

By the end of the year, he said, the group will have opened 16 new stores, including three relocations.

Operating profits were up to £1.7m against £1.5m and there was a 17 per cent increase in the value of the shares to 600p (£155,000). Tax took £214,000 (£75,000). Earnings per 10p share were 10.2p against 9.82p.

comment

Iceland Frozen Foods does it right—or so the company motto says. The 287 shops, which would seem to suggest that this interim result with that of 1984 is misleading. The poor

1983 harvest pushed up fresh vegetables and meat prices sharply in the first half of 1984. This gave the frozen food retailers a clear edge and allowed IFF to increase its operating margin to 5.5 per cent. This is a more normal year and the margin on sales at the end should stay around the 4.8 per cent at the midway point. Gains are therefore to come from new stores and this year will see 19 added to the starting 78. The group seems content to concentrate around the 25 and 30 motorways given that its heart lies on Desdise. The major investment in a new cold storage centre now looks likely to be postponed till next year which should keep the capital spent around £5m and containable within cash flow. When it was started in October, IFF was 113 times subscribed and the virtual tripling of the shares to 600p from the offer level of 210p justifies this degree of investor enthusiasm. This year IFF should make 23.7m pre-tax on a 12.5 per cent tax charge has the shares still with some upward potential on a prospective p/e of 27. And this year's harvest news ought to be watched with care —initial reports have it as poor but not as bad as 1983's.

A & M Hire buys 14.4% of Promotions

A & M Hire, a furniture hire contractor to the TV industry, has agreed to buy a 14.4 per cent stake in Promotions House, which specialises in consumer promotions, and the two companies have begun talks on a possible merger.

A & M is buying its stake for £90,000 (£7.50 a share) from London Securities, with completion taking place on September 27.

A & M said it believed a merged group would be able to provide clients with marketing, promotional and sales expertise, which would form a base from which further acquisitions in the media industry could be made.

Promotions which is quoted on the USM, yesterday reported pre-tax profits up from £138,000 to £231,400 in the first half. Earlier this year it acquired Bonushold Holdings, which devises promotions and employee incentive schemes. A & M Hire, another USM company, reported profits of £741,08 (£705,632).

On completion of yesterday's share deal, Mr David Pearl, a director of London Securities, will resign from the board of Promotions.

COMPANY NEWS IN BRIEF

STEEL BURELL JONES Group reports an increase of 75 per cent on pre-tax profits for the six months to June 30 1985. Turnover was £13.3m (£2.62m) and pre-tax profit £215,000 (£28,000). Earnings per share were 8.15p (8.5p).

JAMES WILKES' interim dividend is 3p per share (1.2p adjusted) for six months to June 30 1985. Turnover was £13.3m (£2.62m) and pre-tax profit £215,000 (£28,000). Earnings per share were 8.15p (8.5p).

I. HEWITT AND SON (FENTON) has declared an interim dividend of 0.4p per share (same). Turnover was £3.40m (£2.2m), operating profits £162,000 (£29,000). Pre-tax profit for the half year to June 30 1985 is up from £28,000 to £190,000, after interest of £2,000 (£4,000). Earnings per share are 2.0p (0.8p). Chairman is confident that results for the full year will be an improvement on those for 1984 when they were £541,000.

WESTWOOD DAWES has made a pre-tax profit of £82,000 in the six months to June 30 1985 compared with a loss of £113,000. Earnings per share are 1.71p on a weighted basis (10.8p). Turnover was down from £890,000 to £867,000.

BUSINESS COMPUTER SYSTEMS, has lifted pre-tax profits from £35,000 to £87,000 in the first half of 1985, on turnover ahead at £2.1m (£2.85m). There was no tax this time against £16,000, and net earnings per share came through higher at 1.1p (0.7p). This USM constituent is changing its year end from December to March.

MANSON FINANCE TRUST proposes a final dividend of 0.875p, making 1.5p (1p). Taxable profits for the year to June 30 1985 were £1.3m (£861,000) and earnings per share were 2.5p (2.0p).

CAKEREAD ROBEY & CO., builders' and timber merchant, has announced pre-tax profits down from £335,000 to £240,000 for the half year to end-June 1985, on turnover up from £9.67m to £10.52m. The interim dividend is held at 0.5p, covered four times by stated earnings per 10p share of 3.3p (2.5p).

A.T.A. SELECTION pre-tax profits rose from £236,000 to £276,000 for the first half of 1985 on turnover of £1.31m (£1.1m). After tax of £112,000 (£127,000) earnings are shown as 1.79p (1.33p) per share. The share price shown as if group structure, as currently constituted, existed throughout these periods.

EVERED HOLDINGS, which holds a total of 20.1 per cent of T.I. and is widely expected to make a bid for the engineering group, yesterday announced that it has directly acquired 4.25m shares (7.1 per cent of T.I.) proved by Evered's financial advisers Robert Fleming. Evered is expected to make an interim profit announcement next week.

EQUUPU's shareholders at the AGM were told by Mr Philip Bradshaw, the chairman, that the

WOOLWORTH HOLDINGS PLC Interim profits rise from £0.6 million to £7.5 million

	1985 (26 weeks)	1984 (26 weeks)
Turnover (excluding VAT).....	769.4	672.8
Retail Profit:		
B&Q.....	16.0	11.7
Comet.....	1.7	1.7
Woolworth.....	(14.7)	(24.8)
Other.....	(0.7)	1.0
Property income—Woolworth.....	22.3	24.6
Net interest payable.....	(17.1)	(13.6)
Profit before exceptional items.....	7.5	0.6
Exceptional items.....	2.4	51.8
Profit on ordinary activities before taxation.....	9.9	52.4
Taxation.....	(3.3)	(12.6)
Profit for the period.....	6.6	36.8
Earnings per share.....	3.8p	24.6p
Earnings per share before exceptional items.....	3.2p	0.3p
Interim Dividend per share.....	3.0p	

UK COMPANY NEWS

Telemetrix soars 89% to record £4.7m

Telemetrix, a designer and manufacturer of advanced electronic products, including computer graphics display terminals, raised pre-tax profits by 89 per cent to a record £4.7m in the year to July 7 against £2.51m last time.

Turnover almost doubled from £10.26m to £20.13m.

Mr Ray Cole, chairman of the company, based in Tewkesbury, Gloucestershire, says he is delighted with the result after the difficulties of last year.

After going public in October

1983, Telemetrix admitted it would not achieve its profit forecast of £3.2m for 1983/84.

But, he says, this year's expansion has progressed as planned and, as expected, a higher proportion of profits was earned in the second half.

The final dividend is 1.15p (0.9p) per share, making a total of 1.75p (1.4p) a share.

He predicts another year of growth although, he says, the benefits of the company's new capacity will not be fully realised for some months. Like this year,

he expects second-half results to be better than those for the first.

At the same time, he says, the company will seek opportunities to acquire complementary businesses.

● **comment**

In common with the sector Telemetrix's shares have wilted this summer as the leaders and tilters in electronics have been battered by a stream of disappointing announcements. The glamour may have gone and the group's market worth has fallen

by a third but at least yesterday's results are better than most. There was a burst of sales in the final quarter—throughput was more than the whole of the previous year—which represents some pipeline filling by big customers. That throws a shadow over the current six months and the next set of interim figures may look on the dull side. Even so the group could still make £6m pre-tax which would drop the prospective p/e to 18 at 28p—modest even if the sector is covered in works.

That has to be a fairly cautious forecast at this stage and it assumes an absence of acquisitions although a deal before the end of the year would be no surprise. The management is looking for something complementary to Westward which could take it towards a broader "work station" product. And the prospect of a rights issue is still there. Gearing was 24 per cent at the year end, is now 39 and heading towards 50-60 per cent by the year end. Equity funding looks probable at some point in 1986.

Cooper Ind rises 52% to £0.47m

Cooper Industries has achieved an increase of 52 per cent in pre-tax profits for the six months to end-July 1985, and the directors of this Wolverhampton-based steel re-roller, precision engineer and tool distributor, expect the full year's result to show further progress.

Pre-tax profits rose from £312,000 to £473,000 during the half year, on an improved turnover of £13.84m (£10.33m).

The directors are lifting the interim dividend from 0.3p to 0.4p to reduce disparity. Stated earnings per 10p share rose from 0.7p to 1.2p.

Due to late delivery the installation of Bromford's new hot mill equipment was behind schedule, the directors say, but they expect the increased output and efficiency of this plant to show benefits in the future.

The pre-tax result was struck after net interest payments of £378,000

British Syphon on target with doubled first-half profits

VIRTUALLY doubled taxable profits are revealed by British Syphon Industries for the first six months of 1985, and are in accordance with directors' indications given in their annual review.

For the period ended June 30, on turnover expanded from £11.83m to £20.3m, pre-tax profits rose from £618,000 to £1.2m. These figures were after interest charged, up from £214,000 to £1.1m, while profits were subject to a tax figure of £101,000 against £86,000.

Earnings are shown as 5.8p (3.6p) per share and the interim dividend is, in effect, lifted to 1.5p (adjusted 1p)—last year's equivalent total was 7.2p and taxable profits were £1.07m.

The directors say that efforts are continuing to improve the performance from each area of the group activities and that every confidence for Syphon's future.

Commenting on divisional results they say that the paper manufacturing sector made an "important contribution" to group profit but, as raw material costs and selling prices are more

volatile in this industry than many others, it is too early to draw conclusions for the year as a whole.

They add, however, that a long-term strategy has been formulated to improve the performance of this division in order to produce a satisfactory level of profit.

Paper merchandising activities also made an important contribution and, following a substantial reorganisation, efforts are in hand to achieve increased profit and an expansion of this business, the directors say.

The drinks dispensing division had a disappointing first half, directors state, partly as a result of poor weather and made no contribution to profits. Because of the unsatisfactory trading climate directors are reducing their involvement in some of the group activities and are assessing the "benefits of which should soon begin to be seen".

The smaller businesses division has again performed well with almost all the companies producing an increase and directors say the trend should continue.

Hugh Mackay down 50%

Hugh Mackay, a carpet manufacturer and distributor, based in Durham, reports pre-tax profits 50 per cent lower at £80,000 for the six months to June 30 compared with £163,000 last time. Turnover was almost static, increasing from £8.47m to £8.72m.

Mr John Mackay, chairman, blames the slump on delays in final decisions over large contracts, a problem which is being referred at the annual meeting in May, and exchange rate fluctuations.

However, he says the continu-

ing development of non-woven carpet sales has been encouraging and the order book, coupled with the high level of inquiries, makes the company optimistic about the second half.

Earnings a share were down from 1.55p to 0.89p but the interim dividend is being maintained at 1.4p.

Tax charges were £33,000 (£38,000); minorities added £2,000 compared with a £7,000 debit; but there were no extraordinary items compared with a £285,000 credit last time. Attributable profits were £49,000 against £382,000.

St Ives Group to be floated by tender

BY LUCY KELLAWAY

St Ives Group, printers of colour magazines and books, is coming to the stockmarket through an offer for sale by tender by N. M. Rothschild.

The group, which professes to be one of the leading quality colour printers in the UK, was started in 1964 when the chairman, Mr Robert Gavron, bought a lease making printing company.

Since then, St Ives has expanded by acquisition and by a programme of heavy investment in up-to-date printing machinery, and over the past five years

profits have grown at an average rate of 35 per cent.

Half of the group's turnover is contract magazine printing and a further 30 per cent is covered by predictable orders from existing customers. Titles include the Tatler, The Face, TV Times and the Oxford Dictionary of Quotations.

About 25 per cent of the equity is being offered for sale at a minimum price of 28p, which places a value of £18.25m on the company. Based upon estimated profits before tax of £2.5m

(£1.9m) in the year to July 1985, this places at the minimum price an earnings multiple of 11.8, and a yield of 3.9 per cent.

St Ives will be the first company to be floated by tender since the takeover of the N. M. Rothschild said yesterday that the "buoyant" state of the market made the sale by tender method appropriate.

The prospectus will be published on Monday.

GOLD FIELDS OF SOUTH AFRICA LIMITED

Chairman's Review

The continuing growth in the world economy and the sharp decline in the parity of the rand created a favourable climate for the South African mining industry. All the group's operating companies which are involved in exporting their products or selling them on the local market on the basis of world market prices, have improved their profitability. As a consequence, and notwithstanding the higher tax imposed on mining companies, the attributable earnings of Gold Fields of South Africa Limited increased to R201 million, which is 14% higher than the previous year's figure. At 30 June 1985, the net asset value of the company was R3 938 million, an increase of 12% over the previous record figure.

WORLD ECONOMY

Although there has been a marked slow down in the rate of growth of the United States economy during the past year, the relative strength of the dollar against the currencies of its major trading partners has provided a strong stimulus to the export industries of those nations. Accordingly economic activity in the Far East, Europe and Latin America improved significantly while major segments of the United States' industry have found it increasingly difficult to compete with imported products. The dollar peaked against most major currencies in February 1985 and its parity has declined in recent months. The impact of this decline is beginning to be felt by those who had previously benefited from the strong dollar.

Despite a growing awareness of the imbalances and disequilibria which exist in the United States economy, no serious attempts are being made to address these imbalances. The main burden of trying to sustain economic growth is being borne by the Federal Reserve Board which has allowed the money supply to increase significantly in an attempt to forestall a downturn in the United States economy. While this policy, with its potential inflationary consequences, may lead to a modest upturn in growth rates in the coming months, there is growing evidence to indicate that the economy could move into the recessionary phase of the business cycle. Should this happen it will have a serious impact on the world economy as a whole and particularly on the demand for and prices of primary commodities.

SOUTH AFRICAN ECONOMY

During the past year the South African economy has turned sharply downwards with a restrictive monetary policy and a growing degree of fiscal discipline. The overall position has been exacerbated by the progressive fall from its February 1983 peak in the dollar price of gold which initially created serious balance of payments problems with the result that there was a sharp decline in the parity of the rand. The natural adjustment process set in motion by the declining rand has led to a major improvement in the trade account as exports have been stimulated and imports have fallen sharply.

Immediately prior to the recent socio-political uncertainty the rand had started to strengthen and, at the same time, the process of reducing short-term foreign indebtedness had accelerated. The crisis of confidence resulting from recent events in South Africa has been reflected in a renewed decline in the parity of the rand. This has provided a major set-back for the recovery of the South African economy which would, in normal circumstances, have started to become apparent. Nonetheless the economic fundamentals have improved markedly as a result of the current mix of monetary and fiscal policies. Interest rates are declining, the export sector of the economy is performing well and it can be expected that these two factors will start to stimulate the internal economy and this, in turn, should have a positive effect on the serious level of unemployment in the less skilled sector of the population. In these circumstances it is to be hoped that arrangements can be made to persuade foreign bankers to roll-over their existing facilities to South African borrowers. Such action will help to relieve the acute short-term pressure on the rand and create an economic environment in which the important socio-political issues can be addressed.

TAXATION POLICY

It has been apparent for some years that South Africa's taxation policy has been in need of a thorough review. This fact was recognised by the Government when the Margo Commission of inquiry was appointed last November. Notwithstanding official comments to the contrary, it must be expected that this Commission will not report for some considerable time if it is to produce a meaningful and well-researched package of taxation reform proposals. The subject of taxation and its interplay on any economy is complex. As has been found in a number of countries recently, precipitate recommendations, no matter how well intended, are likely to prove abortive. While in-depth investigations are essential, the authorities must realise that basic inequities and inefficiencies in the tax system need to be removed on an on-going basis.

In this regard the Minister of Finance's 1985 Budget was the cause of concern. While admirable steps were taken to endeavour to start to bring State expenditure under control and place the financing of such expenditure on a sound basis, the method adopted to increase the revenue of the fiscus contained many serious deficiencies. Both bad taxation practice and fundamental inequities were part of the proposals for gathering revenue. In particular, the mining industry was singled out for a further

increase in its already exceptionally high level of taxation. The perception in some quarters that the South African mining industry is under-taxed is simply not true. By comparison with its major competitors in the industrialised world it is exceptionally highly taxed. The total take of the fiscus from the operating companies in the Gold Fields group during the past year was R1 005 million. During the same period the equity shareholders in the operating companies received dividends of R557 million. Quite clearly the apportionment of the profits made by these companies between the fiscus and the risk-taking shareholders is unrealistic. At the present time tax payments of these companies represent 63% of profit after deducting allowances in respect of current capital expenditure only, if one ignores these allowances, the tax payment represents 52% of the profits. After making due allowance for the tax-free nature of dividend income in the hands of companies, I do not believe that anyone can fail to recognise, that this latter figure is substantially in excess of the corresponding figure for all sectors of the economy which are not subject to mining taxation.

INDUSTRIAL RELATIONS

The elimination of discrimination in the mining industry remains the most important industrial relations issue. It is inconceivable that the present regulations, which restrict certain categories of work to whites and coloureds, can continue to operate in this day and age. It is essential that the Government takes steps to remove the racial discrimination which is involved. The only criteria which should apply is the competence of the people concerned which will be related to the education and training which they have received. Existing employees in the categories concerned should not face elimination of racial discrimination. As far as Gold Fields is concerned, all the mining companies of the group are prepared to give an undertaking, subject to the normal right of management to exercise its discretion on disciplinary matters, that no existing employee who is employed in an occupation covered by the "scheduled person" definition will lose his job or suffer a reduction in remuneration, as a result of the necessary change in the regulations. As far as the trade unions, whose membership encompasses scheduled persons, are concerned, we are quite prepared for them to extend their influence on a non-racial basis if they so wish. Our concern regarding the elimination of discrimination extends beyond the realm of racial discrimination and includes discrimination against women. There is no place for such discrimination in the modern era and it is to be hoped that the Minister of Mineral and Energy Affairs will act decisively on both issues during the next parliamentary session.

The National Union of Mineworkers continues to present the question of the elimination of racial discrimination as a conflict issue with the Chamber of Mines. The Chamber has, however, been working towards persuading the Government to eliminate racial discrimination for some years now and so in reality the Union and the Chamber have the same objective. Relations with this Union have been strained during the past year. There have been numerous strikes which have been stimulated by Union members, and have featured a number of undesirable aspects. It has become obvious that Union members are harassing their colleagues on the mines and that this harassment extends to intimidation and, in particular, threats to the physical well-being of non-members and their families. Such behaviour is completely unacceptable and has been discussed at length with employees of the mines of the group. We believe that we have a responsibility to protect the threatened workers to enable them to proceed about their normal business. Firm action has been, and will continue to be taken against anybody who can be shown to be threatening his fellow workers with physical violence. The right of employees to associate in any trade union is undeniable but equally the unions have no right whatsoever to employ or permit their members to employ intimidatory tactics.

The group's remuneration practices are based on the circumstances prevailing in the Southern African region. Because of their dualistic nature, the economies of the region cannot be compared with those of the industrialised world. It has to be recognised that unemployment is endemic throughout Africa and particularly in sub-Saharan Africa. In South Africa itself there has been a serious increase in unemployment amongst the people who have little or no skills. These are irrefutable facts, unpalatable as they may be. The mining industry is one of the few industries remaining in South Africa which provides substantial employment to the less-skilled members of our population and, therefore, it has a responsibility in these difficult times to increase employment opportunities and not to erode them further by increasing minimum wages at a rate which will oblige good management increasingly to mechanize jobs which are currently undertaken by unskilled people. Those who would dwell on the academically determined minimum wage levels should devote more of their time to considering the moral issues revolving around the degradation which arises from the resulting unemployment. It is the group's policy to pay competitive wages which will attract new employees to the group and to provide an efficient training structure which is dedicated to the development of the skills of all our employees. We believe we must strive within the limits of our own abilities. A corollary to this approach is that there should be significant financial rewards for those who hold positions requiring higher skills. Such

higher rewards are justified by an increase in the productive performance which can be expected from the individuals concerned. We would like to see more rapid progress being made in the elimination of pay differentials between people of different colours and genders doing the same work. These differentials cannot be defended and must give way to salary structures based on common wage curves where the wages are determined according to supply and demand in the market place.

I am pleased to record that discrimination on the basis of race or gender was eliminated in our head office many years ago and all employees are remunerated on the basis of a common wage curve which provides competitive salaries for those living and working in Johannesburg.

GROUP OPERATIONS

As previously mentioned, the decline in the parity of the rand had a major impact on the group's operating companies. As a result the turnover of these companies increased sharply to R3 363 million and pre-tax profits to R1 944 million. While the fortunes of individual companies fluctuated, the gold, coal and base metal sectors of our business prospered during the year. In particular, certain of the base metal companies which do not have the financial strength of the gold mining companies of the group, have been able to improve their positions. Notably Black Mountain has made further reductions in its indebtedness while O'keop, which was not expected to make profits until it began mining in the richer, deeper areas of the Carolsburg mine, has been operating profitably.

NEW BUSINESS

A feature of the past year has been the delineation of a major gold resource in the Bank Break area to the south and west of the mining lease of Kiof Gold Mining Company Limited. Proposals were made to incorporate the area into the existing Kiof lease area and for that company to mine the enlarged lease area with two operating divisions. These proposals have been approved by the shareholders of the Kiof company and await the formal approval of the Minister of Mineral and Energy Affairs. In the meantime, sinking of the first shaft in the Leedoom Division of the Kiof company is proceeding.

The group's geologists and metallurgists continue their active investigations into the finding of new mineral resources and the beneficiation of both existing and potential products.

The geological investigations in the Northern platinum area are nearing completion and attention is being directed to determining whether the mineralised area can be turned to account profitably.

OUTLOOK

The outlook for the group for the current year is inextricably linked to the behaviour of the world economy, international prices of metals and minerals, the South African economy and, probably most critically, the parity of the rand.

While one must be cautious when assessing the future behaviour of the world economy and metal prices, there are good reasons to believe that the South African economy will enter a growth phase once confidence in the country returns. The return of confidence should also lead to the strengthening of the rand against the currencies of its major trading partners, although it must realistically be expected that the rate of improvement will be moderated by the controlled repayment of short-term foreign indebtedness. At this time the key issue is confidence. For my own part, I am confident that the peoples of South Africa have the ability to bring about adjustments which will restore international confidence. I am also confident that Gold Fields with its inherent financial strength will play an important role in the further development of South Africa's major export industry for the benefit of our shareholders, employees and all the peoples of our country.

Unless there are any major unforeseen circumstances, shareholders may expect the group to increase its earnings in the current year and, if this is achieved, it should be possible to increase the total dividend above the past year's record level of 720 cents per share.

ACKNOWLEDGEMENTS

During the year the second phase of the redevelopment of the group's head office complex was completed. Our staff is once more located within a single modern building which is elegant and functional. The third phase of the redevelopment scheme is proceeding and is due to be completed by the end of the calendar year 1986. This phase will provide a lung for future expansion and will be occupied by suitable tenants in the first instance. I would like to place on record my sincere appreciation of the work done by all those concerned with the redevelopment programme.

The past year has made exceptional demands on the management of the group and their staffs. Accordingly it gives me great pleasure to place on record my appreciation of the contributions made by all the members of the group in their various capacities.

ROBIN A. PLUMBRIDGE

Chairman

30 August 1985

Owen Owen forecasts a marked profit advance

AN INCREASE from 1.00p to 1.25p per share in the interim dividend, and the forecast of a "marked improvement" in results for the full year comes from Owen Owen, the Liverpool-based department store operator.

This follows a significant reduction in pre-tax losses for the 26 weeks ended July 27, 1985 down from £798,000 to £147,000.

Mr John Norman, the chairman, reports that sales increased by 7 per cent, from £57.43m to £60.03m, and were achieved despite reduced promotional activity in high volume but low margin departments and an unsatisfactory fashion performance related to the poor summer.

The chairman states that as reported in his annual statement changes are being made in many aspects of the company's operations.

Further progress has been made in profit planning with greater accountability for local management. The Owen Owen stores have been grouped into three regions (southern, midlands and north-west) each under the control of a newly appointed store director.

Detailed plans have been put into effect for each store to achieve higher yields from existing selling space. Results

to date indicate both an improvement in margins and gains in sales volumes.

As an integral part of the wider changes taking place to strengthen the company's management, Mr Byn Harries, who has spent 25 years with Marks and Spencer, has been appointed managing director with effect from November 1.

The tax charge for the half year was a little changed £53,000 (£50,000), to leave net losses reduced from £848,000 to £600,000, for losses of £1.12p per share, compared with 9.01p.

Owen Owen's 21 stores have not been strong performers over the past few years but the property aspect—net asset value per share was 547p in the last balance sheet—has led to bid speculation on more than one occasion.

Clayton Properties, the US company which specialises in the development of shopping malls and high-technology factories, greater accountability for local management. The Owen Owen stores have been grouped into three regions (southern, midlands and north-west) each under the control of a newly appointed store director.

Detailed plans have been put into effect for each store to achieve higher yields from existing selling space. Results

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are, in fact, payable and the actual dates of payment are based mainly on last year's timetable.

● **INTERIM**

Interim: William Baird, Boddycott International, Brush Printing and Communication, Brown Boveri, Gorton Engineering, Highgate Investment Trust, Johnson Matthey Bk., Laporte, William Morrison Supermarkets, Perry, Ramco Oil Services, Rowntree, Macintosh, Yule Colloids.

● **FINAL**

Final: Amber Day, Industrial Finance and Investment, Primrose, Stafford, Potomac, Westpool Investment Trust.

BOARD MEETINGS

FUTURE DATES	
Interim—	
CGI, Persimmon	Sept 27
ORD, TSB	Sept 24
Falcan Industries	Sept 20
Falcan Resources	Oct 7
Monmouth Oil and Gas	Sept 27
Finals—	
Continental Microwave	Sept 23
N.T.V.	Oct 2
Nova International	Sept 24

Korea Exchange Bank
£50,000,000
Floating Rate Notes due 1995

In accordance with the provisions of the above Notes, notice is hereby given that for the three months from 16th September 1985 to 16th December 1985 the Notes will carry an interest rate of 10% per annum.

The interest payable on each £50,000.00 and £50,000.00 Note on the relevant interest payment date, 16th December 1985, against Coupon 2 will be £1,488.03 and £1,480.31 respectively.

Agent Bank:

Lloyds Bank International

BASE LENDING RATES

A.B.N. Bank	11 1/2%	Hambro Bank	11 1/2%
Allied Dunbar & Co.	11 1/2%	Heritable & Gen. Trust	11 1/2%
Allied Irish Bank	11 1/2%	Hill Samuel	11 1/2%
American Express Bk.	11 1/2%	C. Hoare & Co.	11 1/2%
Bank of America	11 1/2%	Hongkong & Shanghai	11 1/2%
Bank of Australia	11 1/2%	Johnson Matthey Bk.	11 1/2%
Bank of Canada	11 1/2%	Kingsley & Co. Ltd.	12 %
Bank of China	11 1/2%	Lloyds Bank	11 1/2%
Bank of Cyprus	11 1/2%	Edwards & Sons Ltd.	12 1/2%
Bank of India	11 1/2%	Midland Bank	11 1/2%
Bank of Ireland	11 1/2%	Morgan Grenfell	11 1/2%
Bank of Japan	11 1/2%	Mount Credit Corp. Ltd.	11 1/2%
Bank of Korea	11 1/2%	National Bk. of Kuwait	11 1/2%
Bank of London	11 1/2%	National Giro Bank	11 1/2%
Bank of Mexico	11 1/2%	National Westminster	11 1/2%
Bank of New York	11 1/2%	Northern Bank Ltd.	11 1/2%
Bank of Paris	11 1/2%	Norwich Gen. Trust	11 1/2%
Bank of Portugal	11 1/2%	People's Trust	12 1/2%
Bank of Rome	11 1/2%	PK Finance Int'l (UK)	12 %
Bank of San Francisco	11 1/2%	Provincial Trust Ltd.	12 1/2%
Bank of Scotland	11 1/2%	R. Raphael & Sons	11 1/2%
Bank of Spain	11 1/2%	Roxburgh Guarantees	11 1/2%
Bank of Sweden	11 1/2%	Royal Bank of Scotland	11 1/2%
Bank of Switzerland	11 1/2%	Royal Trust Co. Canada	12 1/2%
Bank of the Netherlands	11 1/2%	Standard Chartered	11 1/2%
Bank of Tokyo	11 1/2%	TCB	11 1/2%
Bank of Victoria	11 1/2%	Trustee Savings Bank	11 1/2%
Bank of Western Australia	11 1/2%	United Bk. of Kuwait	11 1/2%
Bank of Yugoslavia	11 1/2%	United Mizrahi Bank	11 1/2%
Bank of Zaire	11 1/2%	Westpac Banking Corp.	11 1/2%
Bank of Zimbabwe	11 1/2%	Whiteaway Laidlaw	12 %
Bank of the Caribbean	11 1/2%	Williams & Glyn's	11 1/2%
Bank of the Middle East	11 1/2%	Yorkshire Bank	11 1/2%
Bank of the Pacific	11 1/2%	Members of the Accounting Houses Committee	
Bank of the South Pacific	11 1/2%	7-day deposits 8.00%, 1 month 8.50%, 3 month 9.00%, 6 month 9.50%, 12 month 10.00%	
Bank of the United Kingdom	11 1/2%	12 month notice 11.25% at 3 months when £10,000+ remains deposited	
Bank of the United States	11 1/2%	Govt deposits £1,000 and over 9% gross	
Bank of the United States	11 1/2%	21-day deposits over £1,000 8.25%	
Bank of the United States	11 1/2%	Mortgage base rate	
Bank of the United States	11 1/2%	See Provincial Trust Ltd.	
Bank of the United States	11 1/2%	Overseas deposits 9%	

BUSINESS LAW

Beware of EEC default judgments

By A. H. HERMANN, Legal Correspondent

A WARNING of a sharp bend ahead is something motorists come to expect from those responsible for highway safety, unfortunately, no such warning is given to businessmen when the legal infrastructure takes an unexpected turn.

Contrary to most businessmen's assumptions, the European Convention on jurisdiction and enforcement of judgments in civil and commercial matters (the EEC judgments convention) is by no means some sort of innocent "lawyers' law". It will bring about a very profound change by ensuring a "free movement" of judgments throughout the Community. It is likely to prove as important for the integration of the European Community as the full faith and credit rule was for the integration of the United States. Embedded in the Constitution, it obliges U.S. courts to respect and enforce the judgments handed down by any other court throughout the Union.

The Convention, concluded in 1968, has been in force between the six original members of the EEC many years. It should become part of UK law next year, but no time must be lost to prepare for its impact now. To avoid undesirable jurisdictions, contracts should include not only choice of applicable law but also choice of the court before which disputes should be brought. Specific provisions should be agreed for addressing and delivery of notices and warrants of arrest, when contemplated by one of the parties.

The European Court has been trying for years to translate the somewhat academic exercise of the EEC Judgments Convention into a language understandable to judges and lawyers alike. Two recent judgments illustrate that it can do much but not enough to bring the convention down to earth.

In *Debaecker and Bouwman*, (Case 49/84) the Court held, on 11 June 1985, that when enforcing a foreign default judgment, the national judge should look beyond the purely formal satisfaction of the requirements of service in the country where the judgment was given, but consider also any exceptional circumstances which might have prevented the defendant from learning that a legal action had been initiated, but the judge should also take into account any responsibility which the defendant might have for not receiving this information.

Some continental courts, particularly in the Benelux countries, are satisfied with a fictitious service of documents—for example, at an address where the defendant is not present or by delivering the document to an authority appointed for this purpose by the state. It does not matter to them that no actual delivery of a document has taken place. It is deemed to have taken place.

In the Netherlands, for example, the documents are deemed to be delivered if they have been transmitted to a court official or to the Dutch Ministry of Foreign Affairs. From that moment on the time limit to the defendant for arranging his defence runs—though he may not know about it. Indeed, the first thing he may learn is when a court in his country, or in another EEC country where he has assets, is asked to enforce the default judgment.

The wording of Article 27/2 of the EEC Judgments Convention is ambiguous. It provides that the court asked to enforce a foreign judgment need not do it "if the defendant was not duly served with the document which started the proceedings in sufficient time to enable him to arrange for his defence." What is "duly served"? Only three years ago did the European Court still hold that it "does not require proof that the document... was actually brought to the knowledge of the defendant." But the court changed its ruling by saying that the enforcing court "may, exceptionally, consider whether a formal service was fair if it did not require actual communication to the defendant."

This approach to the default judgments is particularly dangerous in the case of actions initiated in the Netherlands because that country made use of the possibility to modify Article 20 of the Convention so that Dutch trial courts may give judgment in absence of a certificate of service.

In an excellent survey of the European Court's and national judgments, Neville March Hunnington concluded that in its own proceedings the European Court showed a clear tendency to regard delivery to the official address of the defendant as sufficient, whether or not the defendant is in occupation or actually receives the document. It was, however, cautiously ambivalent when interpreting Article 27/2 of the Convention with emphasis on the need to enable the defendant to arrange for his defence. Hunnington shows how his ambivalence enables several continental courts to persevere in rigid formalism.

The *Debaecker and Bouwman* decision since Hunnington wrote his article, the Court seems to have come on the side of the angels. While previously it would only allow the enforcing judge exceptionally to consider a possible unfairness on the formal service, it now requires the judge to consider exceptional circumstances which arise after the "regular service" has been effected—in the case, the plaintiff learned but made no use of the new address of the defendant after formal but ineffective service.

A failure to defend an action in foreign court may also eliminate the possibility of a setting aside counter-claim which the defendant may have and which the trial court may be competent to decide, either under the general rule of the Convention or under one of the exceptional provisions. Those provisions are provided for such exceptional jurisdiction of a claim which should normally be tried elsewhere, in connection with the enforcement of a judgment, the Convention has now sadly restricted and possibly altogether ruled out this provision in its judgment in *AS-Autoteile v. Pierre Mohle* Case 220/84 of July 4 1985.

The facts of the case are as follows: AS-Autoteile, a German company, was buying reconditioned spare parts from P.A.T., another German company. Some of the parts were defective and the parts were obtained from the Regional Court in Bonn a default judgment against P.A.T. for DM 1m.

In the meantime, P.A.T. became insolvent. AS-Autoteile asserts that the insolvency was due to an illegal transfer of assets to the partners, Pierre Mohle, resident in France. AS-Autoteile pursued its claim against Mohle to the extent of his undue enrichment by the assets of P.A.T., the original debtor, and obtained a judgment against Mohle in the regional court in Baden-Baden on the 17 November, 1981. This, however, was reversed by the Appeal Court in Karlsruhe on October 15, 1982, on the ground that in view of Article 2 of the Judgments Convention, German courts lacked jurisdiction.

So far the case presented no special problems. Complications arose from an order for costs obtained by Mohle earlier

against AS-Autoteile in the regional court of Baden-Baden. As it was immediately enforceable, AS-Autoteile provided Mohle first with a bank guarantee for DM 40,000 and later started opposition proceedings asserting the existence of a deductible counterclaim, namely for DM 1m from undue enrichment—the claim for the adjudication of which the Appeal Court of Karlsruhe has earlier declared German Courts to be incompetent. The regional court in Baden-Baden dismissed the opposition proceedings for lack of jurisdiction and the case went by leapfrog appeal to the Supreme Court (BGH).

BGH referred the issue to the European Court, asking whether, under the Judgments Convention, national courts are competent to decide an action, opposing execution of a domestic judgment, based on a counterclaim which, if it was the object of a separate action, they would not be competent to decide.

The general rule of the EEC Judgments Convention is that actions should be brought in the court of the signatory state where the defendant is resident. Article 16, however, provides a number of exceptions from this general rule, one of which is for the court of the place where the defendant is resident, if the claim has a special relation to another signatory state than that in which the defendant resides.

The European Court would not have it, it said, rightly, that the opposition proceedings against the enforcement of an order for costs had been used for an ulterior purpose, namely, to make German courts decide an issue for which they did not have jurisdiction according to Article 2 of the Convention. It was an abuse of the process.

However, from this correct finding the European Court regrettably drew a broad ruling which excludes the application of the exceptional jurisdiction in proceedings by which a judgment debtor opposes the enforcement.

As a result, though judgments can cross the frontiers, claims and counter-claims cannot, certainly not at the enforcement stage, which may be the first in which the defendant learns of the existence of a foreign default judgment.

* *Klump v. Michel*, Case 106/80 (1982) *CMR* 733.
* *See comments in the EEC* (1985) *Journal of Business Law*, 303.

AUTHORISED UNIT TRUSTS

Abbey Unit Trst. Mgmt. (a)

80, Holborn Rd., Southampton

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Trst. Mgmt. (a)

80, Holborn Rd., Southampton

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AUTHORISED UNIT TRUSTS & INSURANCES

[illegible][illegible][illegible][illegible][illegible]

OPTIONS

INDUSTRIALS—Continued

[illegible]

LEISURE—Continued

[illegible]

PROPERTY—Continued

Stock	Price	% Chg	Net
Land Securities	100	0	0
Property	100	0	0
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Secur. 502	768	+6	0
Secur. 503	768	+6	0
Secur. 504	768	+6	0
Secur. 505	768	+6	0
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Secur. 838	768	+6	0
Secur. 839	768	+6	0
Secur. 840	768	+6	0
Secur. 841	768	+6	0
Secur. 842			

3985	Stock	Balco	4 or 5	Div. Mod.
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[illegible]

Stock	Price	+ or -	Dv Ret
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A. & G. Grains		470	43.5
10	Wheat No. 1	125	-2
11	Wheat No. 2	125	-2
12	Wheat No. 3	125	-2
13	Wheat No. 4	125	-2
14	Wheat No. 5	125	-2
15	Wheat No. 6	125	-2
16	Wheat No. 7	125	-2
17	Wheat No. 8	125	-2
18	Wheat No. 9	125	-2
19	Wheat No. 10	125	-2
20	Wheat No. 11	125	-2
21	Wheat No. 12	125	-2
22	Wheat No. 13	125	-2
23	Wheat No. 14	125	-2
24	Wheat No. 15	125	-2
25	Wheat No. 16	125	-2
26	Wheat No. 17	125	-2
27	Wheat No. 18	125	-2
28	Wheat No. 19	125	-2
29	Wheat No. 20	125	-2
30	Wheat No. 21	125	-2
31	Wheat No. 22	125	-2
32	Wheat No. 23	125	-2
33	Wheat No. 24	125	-2
34	Wheat No. 25	125	-2
35	Wheat No. 26	125	-2
36	Wheat No. 27	125	-2
37	Wheat No. 28	125	-2
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39	Wheat No. 30	125	-2
40	Wheat No. 31	125	-2
41	Wheat No. 32	125	-2
42	Wheat No. 33	125	-2
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90	Wheat No. 81	125	-2
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92	Wheat No. 83	125	-2
93	Wheat No. 84	125	-2
94	Wheat No. 85	125	-2
95	Wheat No. 86	125	-2
96	Wheat No. 87	125	-2
97	Wheat No. 88	125	-2
98	Wheat No. 89	125	-2
99	Wheat No. 90	125	-2
100	Wheat No. 91	125	-2
101	Wheat No. 92	125	-2

Stock	Price	% Chg
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D.F.S.			
1985	92		
1984	92		
1983	92		
1982	92		
1981	92		
1980	92		
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Net	Cur	Gr's
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[illegible]

NOTES

service indicated, prices and net dividends are in pence and dividends are 25p. Estimated price/earnings ratios and covers are based on annual reports and accounts and, where possible, are updated on basis of interim reports. P/E's are calculated on "net" distribution basis, earnings per share computed on profit, after taxation and unwelcomed A/C which are in bracketed figures, indicate 10 per cent or more difference between "net" and "gross" distribution. Covers are based on "maximum" distribution. Dividends are based on profit after taxation, excluding the effect of any special dividend costs. Estimated extent of offsettable A/C is indicated by asterisk.

based on saddle priors, are good for value of declared distribution.

Stocks:

- and Loans, marked thus have been adjusted to allow for rights issues.
- (or since increased or redeemed).
- (or since redeemed, passed or deferred).
- (free to non-residents on application).
- (or report awaited).
- (officially UK listed; dealings permitted under Rule 535(4)(a)).
- (not listed on Stock Exchange and company not subjected to any form of regulation as listed securities).

1 is under Rule 535(3).
2 at time of suspension.

2020 dividend after paying stock repurchase rights; (b) cover reasonable
 needs dividend or forecast;
 (c) pay dividend or reorganization in progress;
 (d) comparable;
 (e) interim: reduced final and/or reduced earnings indicated;
 (f) final dividend; cover on earnings updated by latest interim statement;
 (g) allows for conversion of shares not now ranking for dividends;
 (h) only for restricted dividend;
 (i) does not allow for shares which may also rank for dividend at a
 later date. No P/E ratio usually provided.

John Francis. Fr. French France
Bill Ryle states, "The word 'fr'

based on projections or other offer estimate. **C** Costs. **D** Dividend rate. **E** Earnings per share. **F** Financial. **G** Growth. **H** Horizontal. **I** Initial. **J** Joint. **K** Key. **L** Lease. **M** Multiple. **N** Net. **O** Offer. **P** Payable. **Q** Quarterly. **R** Ratio. **S** Subject. **T** Total. **U** Under. **V** Value. **W** With. **X** Extra. **Y** Yield. **Z** Zero. **AA** Annual. **AB** Above. **AC** After. **AD** Additional. **AE** As. **AF** At. **AG** Against. **AH** And. **AI** As if. **AJ** As of. **AK** As to. **AL** As of. **AM** As of. **AN** As of. **AO** As of. **AP** As of. **AQ** As of. **AR** As of. **AS** As of. **AT** As of. **AU** As of. **AV** As of. **AW** As of. **AX** As of. **AY** As of. **AZ** As of. **BA** As of. **BB** As of. **BC** As of. **BD** As of. **BE** As of. **BF** As of. **BG** As of. **BH** As of. **BI** As of. **BJ** As of. **BK** As of. **BL** As of. **BM** As of. **BN** As of. **BO** As of. **BP** As of. **BQ** As of. 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Payment: Cover does not apply to Preference dividend paid or

Notes: All are dividends; *a* are scrip issues; *b* are rights; *c* are all; *d* are distributions.

REGIONAL & IRISH STOCKS			
The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.			
Av 20s	99	Avon	255
Co. L	780	CPI Wtdgs	62
Co. 50p	45	Carroll Ind.	198
Brew	235	Dalgin Gas	73
Co. 25p	73	Hall (R. & H.)	42
Co. L	90	Medco Wtdgs	25
IRISH		Irish Ropes	46

4% 1988	£101 ¹ / ₂	
% 8489	£97 ¹ / ₂	+ ¹ / ₂

"Recent Issues" and "Rights" Page 42
(International Edition Page 34)

Service is available to every Company dealt in on 5 exchanges throughout the United Kingdom for a fee of £800 annum for each security.

Continued on Page 37

AMEX COMPOSITE CLOSING PRICES

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Continued on Page 35

IN-DEPTH REPORTING DAILY IN THE FT

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Nervousness ahead of decision day

A RENEWED burst of selling on Wall Street died away at mid-session yesterday, when the blue-chip stocks made a successful, if somewhat technical, recovery, writes Terry Byland in New York.

The approaching termination date for the September futures contracts on market indices was an additional reason for nervousness. Bond prices gave ground again after news of a sharp jump in August housing starts.

After falling by more than 8 Dow points in early trading, the stock market steadied, to show a mixed picture, with losses still in the majority. Firmness in the blue chips left the Dow Jones industrial average with a net gain of 2.24 points at 1300.40, with 106.3m shares traded.

Turnover in stocks remained high, and prices were easier across the broad range of the market. The stock market faces a day of decision tomorrow, when the closing of September futures contracts on stock market indices coincides with the Commerce Department's disclosure of its latest GNP forecasts. Weakness in the futures markets prompted further selling yesterday.

The Dow Average suffered through a sharp fall in Merck, the pharmaceutical leader, a principal component of the index. Merck was \$5 off at one time on re-

ports of bearish comments from two leading brokerage houses. But at least one big Wall Street trader remained bullish on Merck and the stock steadied to \$108.75, a net \$2½ down.

AT&T edged up by \$½ to \$20½ after a favourable ruling from the Federal Communications Commission on its equipment manufacturing divisions.

The computer sector brightened as Control Data recouped \$1½ of its fall to stand at \$18½. IBM added \$1 to \$127½, Honeywell \$1½ to \$62½ and Burroughs \$½ to \$63½.

Brisk trading in airline stocks enabled American to recoup \$1½ to \$40½ and United \$½ to \$49½. Aerospace and defence stocks remained uneasy, with General Dynamics \$½ off at \$70½ and Lockheed \$½ down at \$47½. The firm spot was McDonnell Douglas, which recouped \$1½ of its recent loss to stand at \$72½. Also firm was Grumman, the Long Island defence and passenger vehicle manufacturer, \$1½ higher at \$35½.

Car stocks remained friendless although General Motors at \$67½ were \$½ after rallying from some initial selling linked to index futures programmes. Ford shed \$½ to \$43½.

In mixed chemicals, Union Carbide lost \$½ to \$52½, while Monsanto, still lacking supporters, gained \$1½ to \$47½.

Among takeover stocks, Richardson-Vicks dropped \$5 at first, as the board's strengthening of its takeover defences seemed to weaken Unilever's chances of winning the battle for control of the company. But the stock steadied to \$49, down \$1½, after Unilever sought a legal ban on the dividends intended as part of the directors' plans. Unilever will pay only \$48 a share if the Richardson board continues its opposition.

SCM, down \$½ at \$72½, continued to await the full legal hearing of the company's suit against Hanson Trust of the

UK, which still holds a 25 per cent stake after ending its bid for the company.

The downswing in interest rates over the past week helped utility stocks. There were buyers again for Consolidated Edison, the New York area electrical utility, which added \$½ to \$33½.

In the credit market, Federal Funds stayed comfortably below 8 per cent, with the Federal Reserve helping to keep them there by purchasing \$500m bills on its customer accounts. T bill rates dipped by a few basis points, bringing the net fall over the past week to around 14 basis points.

But the delay in gaining Senate approval for the new debt ceiling was a further reason for nervousness in the bond market. The Treasury market may now expect the Federal refunding programme to emerge in mid-October when it might clash with the year-end funding by U.S. corporations. Bonds gave up half a point as the market braced itself for tomorrow's "flash" estimate of GNP growth from the Commerce Department.

LONDON

Light rally after early weakness

BLUE-CHIP industrialists suffered a further mark-down in London yesterday, hampered by nervousness over Wall Street's poor overnight performance.

Leading shares, plagued by uncertainties ahead of next month's Opec oil ministers' meeting, continued lower as dealers took defensive action. Very little selling materialised, however, and institutional investors, attracted by the cheaper levels, bought fairly large lines of shares in selected leaders.

Business thereafter was thin, with interest again largely confined to company trading statements or special situations. The FT Ordinary share index closed the session 1.8 lower at 1,000.8.

Gilt remained in the doldrums. Encouraged late on Tuesday by the better PSBR figure for August than expected, potential investors were deterred by a fresh early setback in the pound.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32-33.

EUROPE

Belgian tax hopes fuel rise to peak

HEIGHTENED expectation that the Belgian Government might extend tax legislation aimed at stimulating investment in domestic equities yesterday provided the impetus for another surge among shares in Brussels.

The stock exchange index reached its second consecutive record, adding 18.26 to 2,472.65 and lifting the advance during the past two days to 40.91.

Hopes that the legislation offering tax breaks to investors in Belgian equities might be prolonged beyond December 31 received new life after a statement by M Guy Spitaels, leader of the Socialist Party, that he would support an extension.

Petrofina consolidated Tuesday's BFR 70 rise with a BFR 20 increase to BFR 6,230, although turnover was lighter than in the previous session.

Retailers were well supported throughout the day, led by GB-Inno, which added BFR 95 to BFR 4,220 with Delhaize close behind with a BFR 50 improvement to BFR 8,350.

Frankfurt suffered profit-taking during the afternoon, which sharply reduced the earlier price improvements, although many leading issues closed higher on the day.

The Commerzbank index, which is calculated at mid-session, did not reflect the afternoon selling and closed at its second consecutive all-time high with a 7.1 rise to 1,541.1.

News that West German car registrations fell 4.4 per cent in August compared with the same month last year left the sector prey to investors wanting to pick up profits.

Daimler took the hardest fall, ending DM 12.50 lower at DM 978.50, followed by VW, down DM 8 to DM 339, and BMW, off DM 3.50 to DM 497.50.

Chemicals, an exception, remained in demand for most of the session. BASF added another DM 2.90 to DM 230.40 while the rights that started trading on Tuesday firmed 35p to DM 2.75.

Hoechst added DM 1.10 to DM 223.80 and Bayer DM 1 to DM 226.80.

Siemens, which was keenly sought on Tuesday, slipped back during late trading to end 50p higher at DM 807.50, while among other electricals, AEG fell DM 2.20 to DM 144.80 and Nixdorf eased DM 1.60 to DM 579.50.

Although the Dutch budget was well received, investors in Amsterdam re-

mained cautious, with the gaze more fixed on Wall Street.

Consumer product groups received some encouragement from the budget with price movements marginal.

Insurers were firmer. Agon added 30 cents to Ffr 87.30, Amev 70 cents to Ffr 305.20 and Nationale 50 cents to Ffr 176.80.

Among internationalists, Royal Dutch/Shell eased 50 cents to Ffr 189.50, Akzo 10 cents to Ffr 125.30 and Philips 10 cents to Ffr 50.10.

Paris tended lower, with losses holding a clear advantage on gains in thin trading. Favourable news on France's trading position was offset by bleak employment figures.

Avions Dassault stood out on increasing anticipation that the company would be chosen to lead the consortium to build Europe's space shuttle. The shares added Ffr 120 to Ffr 1,125.

Hope of a computer contract with the U.S. military fuelled interest in Thomson and left it Ffr 26 higher at Ffr 560.

Shares in Zurich closed broadly lower with turnover again well down on recent levels. The market also remained vulnerable to profit-takers after its strength earlier this month.

Stockholm closed mixed in dull trading with institutional investors again on the sidelines. Profit-taking trimmed prices in Milan, and Madrid was also on the downturn.

CANADA

TORONTO shares were mixed, although it recovered some losses from the previous day's largest session-fall after more than two years.

Active issues among oil and gas shares included Merland Explorations, which traded down 20 cents at C\$3.30, Geocrude, off 10 cents at C\$3.40 and Gulf Canada, C\$½ easier at C\$1.94.

Gold continued lower on the back of an easier world bullion price. Lac Minerals lost C\$½ to C\$3.2½, Echo Bay fell C\$½ to C\$1.6½, while Dome Mines added C\$½ to C\$1.2½.

Montreal stocks reversed their recent decline and banks and industrials rose with Power Corporation C\$½ ahead at C\$1.74.

SOUTH AFRICA

AFTER a firmer start, gold issues in Johannesburg turned easier as the bullion price returned to a level near its overnight lows.

Driefontein ended unchanged at R49.25 amid reports of higher pre-tax profits for the year ended June 30. Vaal Reefs shed R3 to R187.50 and Blyvoor gave up 25 cents to R14.

Elsewhere, Anglo American was up 75 cents at R33, FS Geduld was steady at R56 while Highveld Steel eased 10 cents to R5.15.

TOKYO

Absence of four brokers a dampener

THE Nikkei-Dow average dropped 117 points at one stage but made a late recovery on rumours that the Tokyo Stock Exchange would relax margin trading regulations. The index finished at 12,329.88, down 61.85. The exchange later denied that it intended to make the change.

Turnover totalled 428.14m shares, compared with 407.03m on Tuesday. Losses outnumbered gains 518 to 267, with 163 issues unchanged.

Activity was dampened by the absence of the four largest brokers as they prepared for strategy meetings this week to talk about the new business year starting in October. Wall Street's overnight weakness also slowed the pace.

Mitsubishi Heavy Industries remained the busiest stock, with 44.62m shares changing hands, but added only Y1 to Y434 after profit-taking pressure. Nikko Securities said that in trading of the issue from July 1 to September 12, corporations registered net buying of 24.70m shares, investment trusts 19.25m and foreign investors 13.93m. Most selling was done by individual investors.

Encouraged by Mitsubishi's active trading, investors also bought other large-capital issues. Kawasaki Heavy Industries gained Y4 to Y256 on the second heaviest volume of 29.87m shares and Kawasaki Heavy Industries rose Y2 to Y201.

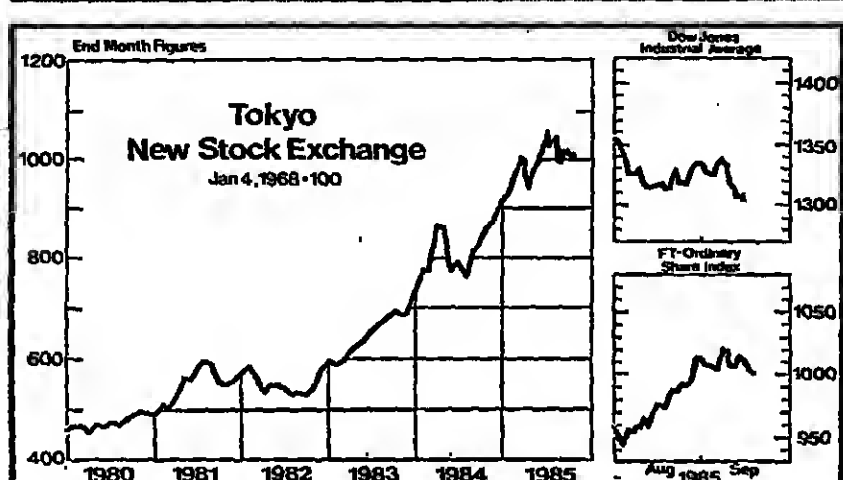
Issues related to electrical equipment investment climbed higher. Osaka Transformer jumped Y34 to Y528 and Takao Electric Y37 to Y470.

The passage by a U.S. Senate committee of a bill calling for opening of the Japanese communications equipment market pushed down blue-chip electricals. Hitachi lost Y9 to Y851, while Sony fell Y110 to Y3,590. NEC closed Y22 lower at Y964.

Among biotechnologies, Dainippon Pharmaceutical went up Y80 to Y3,080, but Yamanouchi Pharmaceutical and Green Cross shed Y30 each to Y3,010 and Y2,070 respectively.

A cautious mood prevailed on the bond market after Tuesday's steep rise.

KEY MARKET MONITORS



STOCK MARKET INDICES				
	Sept 18	Previous	Year ago	
NEW YORK				
DJ Industrials	1,300.40	1,296.16	1,226.28	
DJ Transport	648.29	646.07	521.37	
DJ Utilities	153.31	153.16	133.16	
S&P Composite	161.71	161.38	167.85	

LONDON				
	Sept 18	Previous	Year ago	
FT Ord	1,000.8	1,002.7	871.8	
FT-SE 100	1,294.8	1,298.0	1,108.9	
FT-A All-share	628.98	628.43	529.51	
FT-A 500	690.25	690.91	578.10	
FT Gold mines	316.4	315.4	526.2	
FT-A Long gilt	10.39	10.38	10.38	

TOKYO				
	Sept 18	Previous	Year ago	
Nikkei-Dow	12,329.88	12,551.51	10,559.1	
Tokyo SE	1,003.70	1,009.20	817.08	

AUSTRALIA				
	Sept 18	Previous	Year ago	
All Ord.	945.4	962.0	718.2	
Metals & Mins.	511.0	524.8	426.0	

AUSTRIA				
	Sept 18	Previous	Year ago	
Credit Aktien	100.28	100.30	54.22	

BELGIUM				
	Sept 18	Previous	Year ago	
Belgian SE	2,472.65	2,456.39	-	

CANADA				
	Sept 18	Previous	Year ago	
Toronto	1,896.9	1,904.45	1,876.1	
Metals & Mins.	2,648.5	2,651.58	2,400.4	
Montreal	129.38	129.29	118.89	

DENMARK				
	Sept 18	Previous	Year ago	
SE	n/a	215.59	177.31	

FRANCE				
	Sept 18	Previous	Year ago	
CAC Gen	218.0	217.8	173.9	
Ind. Tendence	123.0	123.3	113.2	

WEST GERMANY				
	Sept 18	Previous	Year ago	
FAZ Aktien	522.64	519.74	362.59	
Commerzbank	1,541.1	1,534.0	1,048.7	

HONG KONG				
	Sept 18	Previous	Year ago	
Hang Seng	1,563.62	1,568.40	974.92	

ITALY				
	Sept 18	Previous	Year ago	
Banca Comm.	399.17	399.65	214.11	

NETHERLANDS				
	Sept 18	Previous	Year ago	
ANP-CBS Gen	220.0	220.0	174.1	
ANP-CBS Ind	192.1	192.0	136.3	

NORWAY				
	Sept 18	Previous	Year ago	
Oslo SE	365.99	364.88	262.97	

SINGAPORE				
	Sept 18	Previous	Year ago	
Straits Times	766.95	757.60	896.82	

SOUTH AFRICA				
	Sept 18	Previous	Year ago	
JSE Golds	1,038.0	911.5	-	
JSE Industrials	946.1	861.0	-	

SPAIN				
	Sept 18	Previous	Year ago	
Madrid SE	109.00	109.45	147.39	

SWEDEN				
	Sept 18	Previous	Year ago	
J & P	1,386.88	1,374.21	1,451.42	

SWITZERLAND				
	Sept 18	Previous	Year ago	
Swiss Bank Ind	491.7	493.6	378.0	

WORLD				
	Sept 18	Previous	Year ago	
Capital Int'l	212.2	212.8	184.2	

GOLD (per ounce)				
	Sept 18	Previous	Year ago	
London	\$315.00	\$318.00	-	
Zurich	\$316.55	\$317.45	-	
Paris (Bulge)	\$319.88	\$319.20	-	
Luxembourg	\$315.50	\$318.75	-	
New York (Dec)	\$319.80	\$321.50	-	

COMMODITIES				
	Sept 18	Previous	Year ago	
(London)				
Silver (spot fixing)	441.00p	448.75p	-	
Copper (cash)	\$1,008.00	\$1,011.00	-	
Coffee (Sept)	\$1,684.00	\$1,657.50	-	
Oil (spot Arabian Light)	\$27.30	\$27.45	-	

AUSTRALIA

INVESTORS were absent in Sydney ahead of the release today of the Government's new tax reforms, which are expected to include a capital gains tax, an increase in the corporate tax rate and a tax on employee fringe benefits.

The All Ordinaries share index saw its largest one-day fall since October 1983, ending 16.3 lower at 945.5.

Media stocks were especially hit with News Corporation 30 cents easier at A\$6.70 and Fairfax and the Herald and Weekly Times down 20 cents each at A\$8.20 and A\$4.75, respectively.

Elsewhere, Bell Group lost 50 cents to A\$9.30 after its rise in the previous session on the back of higher profits for the year. Adstream gave up 20 cents to A\$9.10 and Elders lost 9 cents to A\$3.35.

HONG KONG

EXPECTATIONS that Sir John Bremridge, Hong Kong's Financial Secretary, will next week revise downward his forecast on the colony's growth in gross national product weighed heavily on prices that ended the session mixed.

Overseas investors were among the principal sellers yesterday, as they were on Tuesday when share prices dropped sharply.

Hongkong Bank, which saw some heavy selling, eased 5 cents to HK\$37.20 and Hang Seng dropped 50 cents to HK\$42.50.

In other market leaders, Hongkong Land, Hutchison Whampoa and Swire Pacific all gave up 10 cents to HK\$6.05, HK\$28.10 and HK\$24.40 respectively.

SINGAPORE

BUY ORDERS from local institutions boosted prices in Singapore yesterday although gains were pared later in the session when some investors elected to take their profits.

Fluctuations in the local currency, however, worried investors, some of whom believe the stronger currency is a bad thing because it does not accurately reflect the economy.

Promet, one of Tuesday's most active stocks, was again the day's most notable feature. It ended 18 cents higher at S\$1.42 after 5.6m shares changed hands - nearly 19 per cent of the day's total turnover.

Banks recorded favourable gains. DBS rose 15 cents to S\$5.20, OUB 13 cents to S\$2.76 and both UOB and OCBC 10 cents each to S\$3.32 and S\$8.00 respectively.

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